

Press release

For immediate release

Asia Centre of Excellence for IA (ACEIA) rolls out Corporate IA Factsheet to uplift IA best practices among other initiatives in conjunction with The IIA's International IA Awareness Month

Singapore, 20 May 2014 (Tuesday) – As part of International Internal Audit (IA) Awareness Month in May, ACEIA joins in the celebration with a slew of initiatives aimed to uplift and promote best practices in IA. This includes the launch of its Corporate IA Factsheet; the release of the Chinese version of 'IA is Independent Assurance' illustrative book; and jointly collaborating with The Institute of Internal Auditors (IIA) Singapore, interviews with representatives from various stakeholder groups for their views on the IA function.

IA in a Factsheet

2. As part of the centre's advocacy efforts, ACEIA launched the Corporate IA Factsheet for companies to share their IA practices with shareholders and stakeholders. This first-in-the-world platform also offers interested parties "at-a-glance" salient information on the IA functions of companies in Singapore.

3. To encourage and commend efforts of companies which adhere to best practice disclosures regarding their IA functions, an online survey was conducted in collaboration with Singapore Exchange on listed companies in Singapore in January 2014. The survey was complemented with face-to-face interviews with Chief Audit Executives (CAEs). Together with data extracted from annual reports of more than 600 listed companies, survey responses revealed a subtle but emerging trend in disclosure.

4. The list of participating organisations along with their respective IA Factsheets can be found in the ACEIA website (www.aceia.sg). A sample of an IA Factsheet can also be found in the annex.

5. Of notable mention are interviews conducted with the CAEs of five companies, namely City Developments Limited, Far East Organization, Fraser & Neave, Limited, Singapore

Airlines and Singapore Telecommunications Limited. These CAEs shared valuable insights on IA including good practices and current issues they deal with.

6. In spite of IA playing a key role in providing assurance on the state of internal controls within an organisation, little was shared about the CAEs, their qualifications and size of the IA function in annual reports. Among the organisations reviewed, less than ten percent published such information.

7. Among the mainboard-listed companies in Singapore, a significant number (approximately two-third of the over 600 reviewed) does not have an in-house IA function but instead outsourced this role to a service provider. The main reason cited for this decision was often due to the size and volume of operations in the Singapore entity.

8. In a small number of companies (less than 1%), it was even observed that finance personnel doubled up as providers of assurance in ensuring that internal controls were working well. Although suitable measures have been put in place to maintain the independence of their role in checking on controls, the question remains whether it is appropriate for a finance role to perform self-review.

9. Initial findings from this Programme indicate ample room for development of the IA sector in Singapore, especially to groom more high quality IA professionals to take on positions within companies' in-house IA functions or as suppliers of IA service with professional firms.

10. Mr David Gerald, President and CEO of Securities Investors Association (Singapore), or SIAS, remarked, "This is a good initiative as a one-stop shop for investors to find out about internal audit functions of listed companies. All companies should be encouraged to make use of this as a platform to provide more information about their IA over and above what is typically mentioned in their annual reports."

11. Chief Executive of the Singapore Accountancy Commission (SAC), Mr. Uantchern Loh, in an interview with Investor Central, said, "The Corporate IA Factsheet offers an avenue for investors to find out if their investee companies have an IA function. It goes beyond the annual report disclosure and arms investors with the ability to ask relevant questions at Annual General Meetings, thus underlining the central role that IA plays with regard to good corporate governance."

12. “With the factsheet, ACEIA also hopes to achieve more awareness on the role of the IA. Whether it is in-house or outsourced, companies should understand that IA is important, that IA acts as the eyes and the ears of the CEO and the company.”

13. Mr. Eric Lim, President of IIA Singapore, said, “The Corporate IA Factsheet is a positive step towards promoting greater transparency and disclosure, and should become an invaluable platform to provide investors and the general public a greater understanding of listed companies’ IA functions. Internal Auditors give objective and independent assurance to the Board and Senior Management so that they can sleep well at night. Every listed company should have an IA function, and we strongly encourage all companies to participate in this initiative.”

IA illustrative book goes Chinese

14. First issued in English in November 2013, the illustrative book titled “IA is Independent Assurance” has been translated in Chinese. The book sets out in comic-book illustrative style the value of IA and is written for the retail investors and the man-on-the-street. The move to make the book available in Chinese highlights ACEIA’s effort to reach out to a wider audience to promote the value of IA to investors.

15. The ‘IA is Independent Assurance’ report was conceived out of a roundtable discussion in 2013 with participants including CEOs, CFOs, representatives from IIA Singapore, board members and guest participant Professor Mervyn King S.C, Chairman of the King Committee on Corporate Governance. The soft copy of the book is now available for download on the Singapore Accountancy Commission (SAC) website (www.sac.gov.sg).

Interviews with Stakeholders

16. May is International IA Awareness Month when audit professionals work to raise the awareness of the IA profession and its value to businesses and organisations. To seek views from a broader group of stakeholders, ACEIA and IIA Singapore interviewed different stakeholder groups comprising a mixture of a CAE, Chief Financial Officer (CFO), Audit Committee Chairman and service provider.

17. Among the line-up of other stakeholders of IA are Mr. Gautam Banerjee, Audit Committee Chairman of the Straits Trading Company Ltd.; Ms. Goh Ann Nee, Chief Financial Officer of City Developments Limited; and service provider Mazars LLP. They are invited to give their views on the adequacy of outsourcing the IA function and how the scope of IA's work complements their respective organisational objectives.

18. On his views about the relative importance of certifications and competencies of IA staff, Mr. Benjamin Ng, a Certified Internal Auditor, member of IIA Singapore, and Head of Internal Audit at CapitaMalls Asia Limited said, "As auditors, we cannot be working in a silo. If we have an auditor who understands the complete approach to look at both process and system controls, that will be ideal. I see professional qualifications as a foundation but I also consciously look for people with relevant internal audit experience and keen observation and analytical skills, which I believe differentiates a good and great internal auditor."

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About the Asia Centre of Excellence for IA

The Asia Centre of Excellence for IA (ACEIA) seeks to widen the talent pool and deepen the IA expertise for the Asia Pacific region, through providing research and thought leadership in IA.

ACEIA is supported by the Singapore Accountancy Commission

About SAC

Established in April 2013 as a statutory body of the Singapore government, the Singapore Accountancy Commission (SAC) is the lead agency in spearheading the development of the accountancy sector in Singapore.

The SAC's Vision is for Singapore to be the Leading Global Accountancy Hub. This will be achieved through developing for Singapore a vibrant accountancy sector that enables the economy to grow, businesses to thrive and talent to flourish. In fulfilling this mission, the SAC seeks to uphold the values of being relevant, insightful, collaborative and advocative.

About IIA Singapore

The Institute of Internal Auditors (IIA) Singapore is a professional organisation dedicated to the advancement and development of the internal audit profession. Established in 1976, members of IIA Singapore belong to a global community of more than 180,000 professionals in over 190 countries who share a common vision to advance their professional growth in internal auditing and add value in their organisation.