

# SIAS's new Internal Audit Excellence Award

By **MICHELLE TAN**

UNDERSCORING the importance of the internal audit function, the Securities Investors Association of Singapore (SIAS) yesterday entered into a tripartite relationship with two key institutions to launch an Internal Audit Excellence Award (IAEA), as a new category of its SIAS Annual Investors' Choice Awards.

The two institutions are the Institute of Internal Auditors Singapore (IIAS) and the Singapore Management University (SMU).

The objective of the latest award is to create public awareness of the importance of an "effective internal audit function" in listed entities and to "provide comfort to investors" by ensuring independent checks

are in place, said SIAS president and CEO David Gerald.

In his keynote address at the signing ceremony, Mr Gerald drove home the role that the internal audit discipline plays in preventing the occurrence of future "corporate collapses".

"We would like to see the internal audit process developing into an independent function where the internal auditor would be the eyes and ears of the investors," explained Mr Gerald.

Elaborating more on the purpose of the new award, IIAS president Loh Uantchern said: "Internal auditors have always been in the background, helping organisations improve their risk management, control, and governance processes. But

unending financial and regulatory turbulence have thrust internal auditors into the forefront to help organisations deal with massive uncertainty."

Unfortunately, the need for an internal audit function is not currently mandatory in Singapore.

In fact, only a third of locally listed companies possess an in-house internal audit function, with the remaining two-thirds either outsourcing the checks to external service providers or doing away with the process entirely.

Commenting on potential developments that could aid in the prevention of fraudulent activities and ultimately protect investors, Mr Gerald said that he hopes the internal audit function would be made

"mandatory" as part of the listing rules instead of being just "part of the corporate governance code".

However, Mr Gerald does admit that at the end of the day, even if all checks are in place, but integrity falls short, all efforts would still come to naught.

All that said, no war can be fought or won with zero casualties and continuous efforts must be taken towards protecting companies and investors even if it comes in the form of baby steps.

Closing off on that note, Mr Loh said: "It is only our start of a journey to strengthen the role of internal audit within an organisation with all the lines of defence. The value of internal audit will forever be there."