



## Strategic performance review of your internal audit function

Managing uncertainties in your business

ADVISORY

Many successful organisations today are recognising the importance of the internal audit function as a key component of the governance framework. How do you ensure your internal audit function delivers the services that you are expecting?

Internal audit functions that provide the greatest value to their stakeholders, including senior management, boards and audit committees, will be those that have already established a clear picture of their own positioning, a vision for rapidly increasing their value contribution through efficient processes, as well as a strategy to work with the right people to deliver on the objectives.

In an ideal situation, any stakeholder to the mission of internal audit should be comfortable answering the following:

- Does your internal audit function comply with governance and regulatory requirements?
- Is the internal audit function positioned to support the organisation in a new or changing business environment?
- Is your internal audit function adding sufficient value to your organisation?

KPMG's Strategic Performance Review of Internal Audit (K'SPRint) can help you answer these fundamental questions.

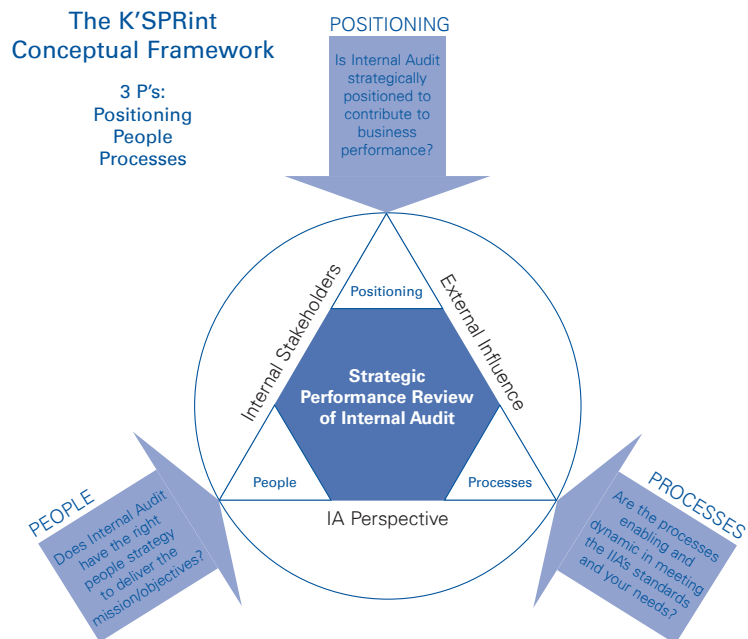
### How KPMG can help

#### Respond more effectively to new challenges with K'SPRint

By looking beyond industry standards, K'SPRint can help internal audit respond more effectively to an increasing array of challenges including:

- Determining the appropriate role of the internal audit function;
- Maintaining the alignment of internal audit's objectives with those of the larger organisation;
- Securing the right professionals and resources required to achieve its objectives;

International Standards for the Professional Practice of Internal Auditing 1312 issued by the Institute of Internal Auditors in 2002 set out a requirement for an "external assessment to be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organisation".



- Providing high-impact observations and findings that are meaningful and highly valued by management; and
- Measuring internal audit's current state against the expectations of key stakeholders.

#### External Assessments are mandatory before 1 January 2007

Faced with the requirements set out by the Institute of Internal Auditors, organisations have to carry out an external assessment before 1 January 2007.

KPMG can assist in providing clarity to the various stakeholders on the external assessment requirements, including the Board of Directors, audit committee, senior executives, business unit and functional unit managers and external auditors.

Alternatively, using KPMG's K'SPRint methodology for a full external assessment, your organisation can benefit from our experience assisting internal audit functions of numerous multinational companies around the world.

#### What is K'SPRint?

KPMG's Strategic Performance Review of Internal Audit (K'SPRint) is an efficient conceptual framework to help your organisation address the critical success factors of your Internal Audit activity.

The K'SPRint methodology will enable you to compare your internal audit function's current state with the ideal state as defined by senior management. Our methodology helps delineate strengths and weaknesses, graphically highlighting areas for potential future focus. This reflects our three-pronged approach of positioning, processes and people.



### Why K'SPRint?

#### A focus on three key elements: Positioning, People, Processes

By integrating these three elements into the review process, K'SPRint can drive your organisation's efforts to more effectively:

- Evaluate the value of the internal audit function to the business;
- Identify gaps in the function's performance;
- Identify opportunities for improvement;
- Measure internal audit's current state against the expectations of key internal and external stakeholders;
- Benchmark internal audit against industry standards; and
- Develop an action plan aimed at increasing internal audit's strategic value.

Most importantly however, adopting this strategic approach is critical to aligning internal audit's goals and resources with the organisation's business objectives.

#### The benefit of K'SPRint

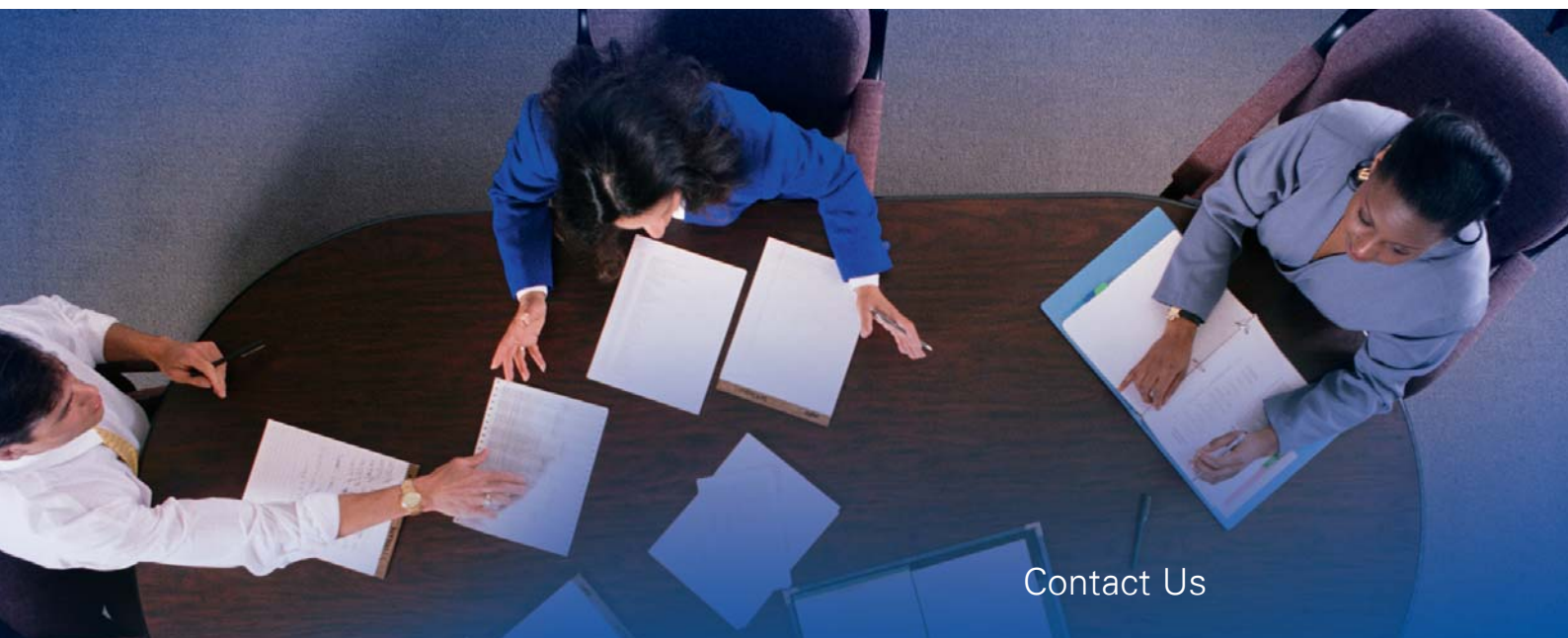
K'SPRint brings benefits beyond compliance requirements. The scope and benefits of a K'SPRint external assessment include:

- Helps ensure that the internal audit function is contributing to maximise the value to the audit committee, the board of directors, senior management and the organisation;
- Identification of areas for improvement through a gap-analysis versus leading practices;
- A strong baseline to move on towards best practices; and
- Enhanced confidence on the ability of Internal Audit to achieve its objectives through increased transparency of its positioning, processes and people.

#### Helping you stay ahead

To keep pace with the rapidly changing business environment, the standards and practices of the internal audit industry continue to evolve.

IIA-mandated reviews of the internal audit function will play an important role in helping ensure the quality of the internal audit function. But organisations seeking to gain a competitive edge are taking these reviews to a higher, strategic level. By evaluating positioning, people and processes-and aligning internal audit with overall business objectives-organisations can enhance the contributions of the function and, ultimately, its strategic value.



## Contact Us

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