MEDIA RELEASE

New ASX internal audit guidelines to bolster shareholder value

Institute of Internal Auditors – Australia supports updated principles

Sydney, 27 March 2014 – A new corporate governance principle recommending ASX-listed entities disclose the use and structure of internal audit will lead to better identifying of investment risk and create value for shareholders, according to the Institute of Internal Auditors – Australia (IIA-Australia).

The ASX Corporate Governance Council today released the Corporate Governance Principles and Recommendations 3rd Edition, the latest in a series of guidelines designed to streamline oversight of ASX-listed companies.

As a foundation member of the ASX Corporate Governance Council, the IIA-Australia has been a vocal advocate in the drafting and implementation of the principles, which were last updated in 2007.

According to the IIA-Australia’s chief executive, Peter Jones, the updated principles are a major development in assessing risk management frameworks, with recommendation 7.3 stipulating listed entities should disclose whether they have an internal audit function, how the function is structured and the role performed.

“The implementation of this guideline – effective from 1 July 2014 – serves to validate the objective of the internal audit profession, which ultimately exists to provide senior management and boards with intelligence that protects organisations from financial and investment risk,” he said.

The guideline recommends that if a listed entity has an internal audit function, the head of that function should ideally have a direct reporting line to the board or to the board’s audit committee in bringing a requisite degree of independence and objectivity to the role.

“Any public company that operates without a dedicated internal audit function in today’s environment is doing themselves and their shareholders a great disservice. Shareholders are relying on access to this information in making better informed investment decisions, and board members need to be presented with any information that could potentially be of detriment to the operational or financial efficiency of that business,” Mr Jones said.

Along with the IIA-Australia, other professional bodies involved in the drafting of the Corporate Governance Principles and Recommendations 3rd Edition include the Business Council of Australia, Financial Services Council, Property Council of Australia, Group of 100, Australian Institute of Company Directors, and the Australian Shareholders Association.


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About The Institute of Internal Auditors – Australia

https://www.iia.org.au/

The Institute of Internal Auditors is the leading body representing internal auditors. Globally, the Institute represents more than 170,000 members in 165 countries. The IIA-Australia has a connection of nearly 7,000 professionals inclusive of 3,200 members Australia-wide. Governed by a Board and supported by a national office, the IIA-Australia’s activities include the following:

- Providing standards, guidance and information on internal auditing best practices
- Providing professional development activities, education and certification
- Bringing together internal auditors to share information and experiences in internal auditing
- Upholding standards by undertaking quality assurance services
- Advocating, promoting and publicising the profession to industry professionals, universities, government, public and private sectors.
- Contributing to the global profession with representation on international committees and the global board.

The IIA’s Global Headquarters is located in Florida, USA. The first Australian chapter was established in Sydney in 1952 and in 1986 the IIA-Australia was formed

About the ASX Corporate Governance Council

The ASX Corporate Governance Council was convened by ASX in August 2002. The Council brings together various business, shareholder and industry groups, each offering valuable insights and expertise on governance issues from the perspective of their particular stakeholders. Its primary work has been the development of the Corporate Governance Principles and Recommendations. ASX is the convener and a member of the Council. It also nominates the chair and provides executive support for the operation of the Council.