



Setting up an Internal Audit function

With the growing focus on corporate governance issues, organizations are increasingly exploring the potential benefits to be gained from establishing an effective internal audit function. While the emphasis on good corporate governance is one reason to establish an internal audit function, there are more basic reasons why internal audit adds value to your organization, including:

- internal audit's ability to provide management with objective analyses, appraisals, recommendations, counsel and information about the quality of internal controls;
- internal audit's understanding of the organization's key business processes provides the opportunity for continuous improvement; and
- internal audit helps the board of directors effectively discharge their responsibilities in respect of internal control.

How KPMG can help

Establishing an internal audit function that will provide an enduring benefit to your organization is no easy task. The process will be demanding on senior management's time and will require careful consideration of a wide range of issues to ensure that the function works to the organization's advantage.

KPMG's business oriented approach and relevant experience can help you with this process. We can assist the organization by determining the resource requirements, recruiting staff, and developing an operating plan.

At a preliminary stage, we can provide assistance in performing a start-up analysis to assess the costs and benefits to be derived by the organization from internal audit. The assessment would consider the structure of your organization, the degree of autonomy of each operating unit and your organization's overall control culture and management philosophy.

Having assessed these issues and decided that the organization will genuinely benefit from an internal audit function, there are a number of steps, as detailed in the diagram below, to be taken in establishing a well-organized and effective function. KPMG will help the organization plan for and resolve all these issues, drawing on our in-depth knowledge of best practice in structuring and organizing effective internal audit functions.

KPMG has built up an extensive inventory of internal audit practices and has an established network of professionals, both locally and internationally. KPMG's internal audit professionals have worked with a wide variety of organizations throughout the private and public sectors by helping them assess the costs and benefits of internal audit functions. KPMG has also assisted in the development of internal audit functions,

thereby leaving management free to concentrate on the key issues facing their businesses.

Why choose KPMG?

KPMG has the resources to provide ongoing support by offering advice and training on a variety of topics throughout the development of your internal audit function.

We also have the resources to outsource staff to your organization during critical reviews where our experience will enhance those available internally, effectively providing on-the-job training for your own internal audit staff.

KPMG internal audit implementation approach



Contact us

For more information on how KPMG can help your organization, please contact us at mas@kpmg.com.hk