

Internal Audit

Our Approach

As a part of SMBC Group’s internal control framework, the audit department (the Department) verifies the effectiveness of the internal control of business units, risk management units, and other units from an independent standpoint and pursues the quality of internal audits in order to contribute to development and the highest trust across the entire SMBC Group.

Overview of the Group’s Internal Audit Framework

The Department has been established under the Audit Committee and is independent from business units, compliance units, and risk management units. Internal audits within our Group companies are structured broadly in line with SMFG. The Group Chief Audit Executive oversees group-wide internal audit activities.

The Department verifies the appropriateness and the effectiveness of internal control which aims to assure the appropriateness of Group operations and the soundness of assets by conducting internal audits on each department and Group entity as well as conducting on continuous monitoring of Group companies’ internal auditing and other activities. The activities are based on the “Group Internal Audit Charter” and the “Basic Audit Policy and Plan” formulated by the Audit Committee and the Board of Directors.

Major audit findings and relevant information are regularly reported to the Audit Committee, the Board of Directors, and the Group Management Committee. Whilst the Department strives to strengthen cooperation to conduct proper audit practices through frequent information exchange with external auditors.

Enhancement and Effectiveness of Internal Audit

The Department has adopted auditing methods in accordance with the Institute of Internal Auditors (IIA) standards,* conducts risk-based audits, and expands the same approach to Group companies. To implement effective and efficient internal audits, the Department conducts monitoring by attending important meetings and by obtaining internal management documents of SMFG and Group companies.

In addition, the Department seeks to enhance group-wide internal auditors’ expertise by gathering up-to-date internal audit practices, providing the practices to Group companies, holding training programs, and encouraging auditors to obtain internal auditors’ international certification.

Furthermore, the Department enhances its quality assurance on a group-wide basis by both fully satisfying the IIA standards and referring to G-SIFIs practices.

* The Institute of Internal Auditors, Inc. (IIA), was founded in 1941 in the United States as an organization dedicated to raise the level of specialization and the status of professionalism of internal auditing staff. Its main activity is to study the theory and practice of internal audit and to provide an internationally recognized qualification (Certified Internal Auditor (CIA)).

Internal Audit Framework

