

Internal Audits

Our Approach

As a part of SMBC Group’s internal control system, the Audit Department verifies the effectiveness of business units and risk management divisions from an independent standpoint and pursues ongoing improvements in the quality of internal audits in order to contribute to development and increased trust across the entire Group.

Overview of the Group’s Internal Audit System

The Audit Department has been established as an internal auditing division that is positioned under the Audit Committee and is independent from business units and compliance and risk management divisions. In principle, independent audit departments are also in place at Group companies. The Group chief audit executive oversees group-wide auditing activities.

Based on the Group Internal Audit Charter and the Basic Audit Policy and Plan formulated by the Audit Committee and the Board of Directors, the Audit Division conducts internal audits of Company divisions and Group companies aimed at ensuring the appropriateness of Group operations and the soundness of assets. In addition, the appropriateness and effectiveness of internal control systems at Group companies are verified through ongoing monitoring of the status of internal audit implementation.

Major audit findings are regularly reported to the Audit Committee, the Board of Directors, and the Group Management Committee. Also, the department is working to strengthen cooperation with accounting auditors through frequent exchanges of information for appropriate audit practices.

Enhancement of the Quality and Effectiveness of Internal Audit

The Group has adopted auditing methods in accordance with the standards of the Institute of Internal Auditors (IIA),* conducts risk-based audits, and extends the same approach to Group companies. Representatives from the Audit Department attend important meetings at the Company and at Group companies to obtain internal management documents and thereby conduct monitoring for the purpose of implementing effective and efficient internal audits.

It seeks to enhance the expertise of internal auditors in Group companies as it gathers up-to-date information on internal audit and offers that information to Group companies, organizes training programs, and promotes the obtaining of international certification as an auditor.

Moreover, the Audit Department seeks to enhance group-wide audit processes through quality assessments of internal audits based on the IIA standards and on other exemplary initiatives by G-SIFIs.

* The Institute of Internal Auditors, Inc. (IIA), was founded in 1941 in the United States as an organization dedicated to helping 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 hold examinations and approve licenses for Certified Internal Auditor (CIA), which is an internationally recognized qualification.

