Good corp governance starts from top: RSME

By KELLY TAY

GOOD corporate governance practices should never be seen as an additional compliance cost. In fact, high standards of ethics are especially crucial amid an unfavourable economic outlook, said governance, risk and consulting firm RSM Ethos (RSME) yesterday.

RSME senior director Tan Boon Yen said companies able to address key risks early and effectively have a higher chance of weathering adverse economic conditions since shareholder and investor confidence would be saved.

And RSME chairman Chris Liew Peng Fook said: “From our observations, most local companies view the internal audit function as a necessary evil and some try to get by with just doing the minimum.”

RSME stressed that it is precisely this mindset that needs to change – starting with directives from top management – if Singapore companies are to improve their standing on the Governance and Transparency Index (GTI). To do so, Ms Tan said companies should have an effective internal audit function, which would be able to assess the effectiveness of risk management policies and internal control frameworks.

Other measures to promote good corporate governance practices include the institution of a whistle-blowing policy, and the establishment of a nomination process to facilitate the appointment of an effective and independent board.

RSME is the merged entity between the corporate risk advisory division of the Chio Lim Stone Forest Group and Ethos Advisory Pte Ltd, whose merger was announced yesterday. Its headcount stands at 35.