

KPMG Services: Independent assessment of Internal Audit function effectiveness



Today, most top managers acknowledge the contribution Internal Audit (IA) function makes in achieving the company's objectives. Understanding the importance of improving internal audit quality, IA heads do their best to ensure that they comply with the International Standards for the Professional Practice of Internal Auditing (the IA Standards), the Code of Ethics, and global best practice.

KPMG Internal Audit, Risk & Compliance Services (IARCS) team offers clients services relating to independent external assessment of IA functions compliance with the IA Standards and IA best-practice benchmarking.

Our team



We have extensive practical experience in IA quality assessment projects, IA function implementation, and conducting internal audits in companies from various industries. KPMG professionals who are involved in performing the above mentioned assessments are all IIA members and are CIA (Certified Internal Auditor) qualified.

KPMG has wide-ranging IA experience and understands the specifics of how IA functions are organised within Russian companies. We collaborate extensively with the IIA, including conducting joint research in the area of IA and holding meetings and discussions with IIA members on a wide range of IA-related issues.

The IA Standards and the Code of Ethics were developed by the International Institute of Internal Auditors (IIA), and they set out the principles and basic requirements for professional activity in the sphere of internal audit. Under the IA Standards the Chief Audit Executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the IA activity. The programme must also include external assessments "which must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization."¹

¹IA Standard 1312

Assessment: Aims, benefits, and results



KPMG professionals will prepare a detailed report on the compliance of the client's IA function with the IA Standards and will outline appropriate recommendations aimed at bridging any identified gaps. The report is agreed with the Head of the IA function and, if necessary, is presented for all interested stakeholders (senior management / Audit Committee).

Our approach



Performing a comprehensive analysis allows us to assess objectively all the positive and negative aspects of the IA function in a company, and includes:



Analysis of documents governing IA activities (charter, organizational structure, IA methodology, internal IA policies and procedures).



Interviews with: users of IA services (including the Audit Committee); representatives of the company's senior management; Heads of business units where audits are carried out (sample basis); and Head and staff of IA function (sample basis).



Conducting an anonymous survey of senior management and IA employees. Survey results are summarised and presented by KPMG in a report.



Analysis of project documentation relating to completed internal audits (sample basis), including audit plans, working papers, IA reports, communications and correspondence.

KPMG professionals have wide-ranging practical experience in assessment of IA function effectiveness, both in Russia and abroad. We are able to draw on an extensive knowledge and understanding of applicable standards, guidelines and methodologies, including:

- International Standards for the Professional Practice of Internal Auditing
- Practice Advisory – guidance for internal auditors in applying the Definition of Internal Auditing, the Code of Ethics, the IA Standards, and promoting best practice
- Quality Assessment Manual – a methodology for organising and implementing IA quality assurance and improvement programme
- K'SPRint – a KPMG methodology used to analyse and assess IA function effectiveness

Follow up of deficiencies remediation



The KPMG team can also perform a follow-up review after the implementation of our recommendations. We provide sufficient time for deficiencies to be corrected and, when they are remediated, we can help assess how successfully any correcting actions have been carried out. As a result, the final report will include a status of deficiency remediation. Such an approach allows clients to obtain the maximum benefit from our cooperation.

Contacts



Elena Koliadko
**Head of Internal Audit,
Risk and Compliance Services**
Partner
T: +7 495 937 4477
F: +7 495 937 4499
E: ekoliadko@kpmg.ru



Ludmila Istomina
**Internal Audit, Risk
and Compliance Services**
Manager
T: +7 495 937 4477
F: +7 495 937 4499
E: listomina@kpmg.ru

www.kpmg.ru

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

KPMG in Russia does not offer Internal Audit Outsourcing services to its publicly registered financial statement Audit clients. KPMG in Russia refers to KPMG Limited, a company incorporated under the Companies (Guernsey) Law, as amended in 2008, and ZAO KPMG, a company incorporated under the Laws of the Russian Federation.

© 2014 ZAO KPMG, a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Russia.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.