

The role of Internal Audit has evolved significantly in recent years – from being a backward-oriented monitoring function to becoming a dynamic and innovative partner for Those Charged with Governance and executive management. The aim of Internal Audit is to add value to the organization by making business processes more efficient and effective and providing reasonable assurance that the key risks are under control.

Why Internal Audit?

Being flexible and adaptable on the market while providing competent and proactive business solutions and maintaining efficient processes – these are just some of the challenges that companies face in order to remain successful in today's complex business world.

Internal Audit should play an important role in addressing these challenges by efficiently and effectively assisting the Board of Directors as well as executive management in their duty to successfully oversee, lead and manage the organization. Internal Audit's role is as follows:

- Supporting management in driving the corporate agenda, taking the role of the internal monitoring function (assurance)
- Identifying significant risks and suggesting effective and efficient preventative measures and controls
- Anticipating and driving organizational and process oriented changes at an early stage
- Presenting facts objectively and independently
- Signaling the importance of an effective and efficient corporate governance structure that supports the opportunities of the business
- Supporting projects and initiatives that drive change within the organization

Internal Audit adds value

In the past, Internal Audit's focus was primarily on making sure external regulatory requirements and internal compliance directives were adhered to, and that the Internal Control System was effectively applied. New, emerging business risks that could affect the survival and growth of the company were often disregarded, or only recognized at a very late stage.

Today Internal Audit must aim to proactively widen its scope by not only focusing on the existing compliance framework, but also by questioning, on a recurring basis, its audit scope and the added value it provides.

Newer approaches, such as the use of electronic mass-data analysis, proactive monitoring tools such as Continuous Auditing, the use of multidisciplinary teams, as well as active cooperation with other assurance functions, are examples of how Internal Audit can become more contemporary and forward looking in its approach.

By better incorporating these modern approaches into its Methodology, the Internal Audit function can not only more effectively identify areas within the organization that need improvement, but also proactively identify possible emerging risks that will affect the organization in the future. As a result, Internal Audit creates true added value and thus gains acceptance and approval.

Forms of cooperation with KPMG in Romania

OUT-sourcing

Those charged with governance

KPMG in Romania

In the Out-sourcing model, KPMG in Romania assumes the role of the Internal Audit function and works closely together with Management or the Audit Committee, where applicable.

Characteristics of Out-sourcing

- Variable costs, great flexibility
 Quick responsiveness
 Access to best practice
 Access to specialists and latest
- technology
 Access to a global network
 More cost effective for small-sized
 Internal Audit functions

CO-sourcing

Those charged with Governance

Director IA + Employees IA

KPMG in Romania

In the Co-sourcing model, KPMG in Romania acts as an extension of the in-house Internal Audit function. We work together with the IA employees and report to the Director of IA.

Characteristics of Co-sourcing

Partial variable costs, medium flexibility Access to global network Advantageous where the Internal Audit function has not yet reached the

necessary critical mass Access to specialists

IN-house

Those charged with Governance

Internal audit department

Specialized skills from KPMG in Romania

The In-house model means that the Internal Audit function consists of its own employees, headed by the Director of the Internal Audit Department. In this scenario, KPMG in Romania can offer support with subject matter specialists' knowledge on an ad-hoc basis.

Characteristics of In-house with specialist support

Fixed costs, little flexibility Control and execution remains in-house Integrated into the company on an ad-hoc basis

How can KPMG in Romania support you?

Whether you opt for an Out-sourcing, Co-sourcing or In-house solution, we can provide the following services:

We can act as dialogue partner for all issues related to the role, position and audit agenda of the Internal Audit function

We can support all process steps of an Internal Audit function, from planning to execution of audits to reporting and tracking.

We can provide specialists (for example compliance and legal, IT systems, Risk management, Treasury, Tax, Security) with deep understanding of your business and processes.

We can offer worldwide local support with specific language skills and knowledge regarding local regulatory requirements.

We can provide the latest audit methodology (data analysis, Internal Audit tools).

We can provide access to best practice and benchmarking.

Through our proven methodology, our experience and our extensive expertise, we are the right partner for you to fully exploit the potential of your internal audit function in an increasingly complex environment.

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