



KPMG: your Internal Audit partner

Internal Audit, Risk and Compliance Services



The role of the Internal Audit has evolved dramatically in recent years – from the backward-oriented monitoring function to a dynamic and innovative partner for the board of directors 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:

- **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

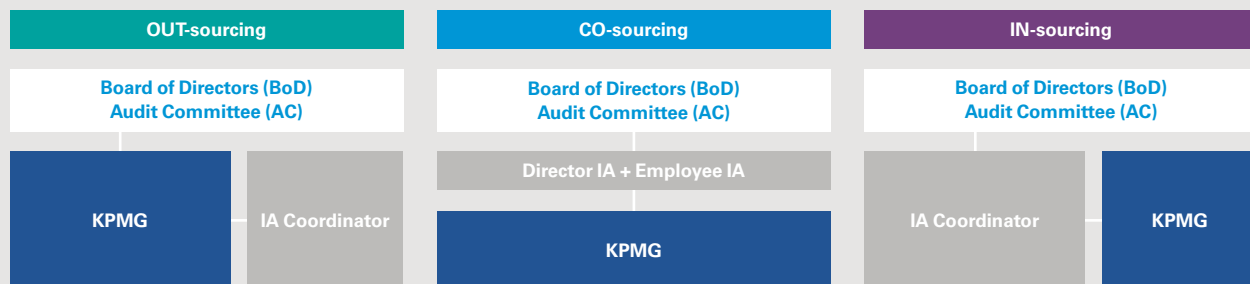
In the past, Internal Audit's focus was primary on making sure external regulatory requirements and internal compliance directives are adhered to, and that the Internal Control System is effectively applied. New, emerging business risks that could affect the survival and growth of the company were often 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 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 the 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 their 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 the **Out-sourcing model**, KPMG assumes the role of the Internal Audit function and works closely together with the IA Coordinator and the Audit Committee.

In the **Co-sourcing model**, KPMG acts as an extension of the in-house Internal Audit function, works together with the IA employees and reports to the head of IA.

The **In-sourcing model** means that the internal audit function consists of its own employees and is supported by KPMG with subject matter specialists' knowledge on an ad-hoc basis.

Characteristics of Out-sourcing

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

Characteristics of Co-sourcing

- Partial variable costs, medium flexibility
- Access to global network
- Requires an Internal Audit with the necessary critical mass
- Access to specialists

Characteristics of In-sourcing

- Fixed costs, little flexibility Control and execution remains in-house
- Integrated in the company on an ad-hoc basis
- Specialists and technologies are not included

How can KPMG support you?

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

- **Act as sparring partner** for all issues related to the role, position and audit agenda of the Internal Audit function
- **Support** all process steps of an Internal Audit function, from **planning** to **execution** of audits, **reporting** and **tracking**.
- **Provide specialists** (for example compliance & legal, IT systems, risk management, treasury, tax, security) with deep understanding of your business and processes.
- **Offer worldwide local support** with specific language skills and knowledge regarding local regulatory requirements.

- **Provide the latest audit methodology** (KPMG Internal Audit Methodology, data analysis, Internal Audit tools).
- **Provide access to best practice** and **benchmarking**.

Through our proven methodology, our experience and 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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