

**Experience, the Difference™**

# **Getting Started with Internal Audit**



## Internal Audit Start Up Services

With the ever increasing focus and interest on corporate governance and the need to better manage business risk - It is time to get started with internal audit! Leverage our experience to help develop an internal audit function for you

### OUR SOLUTIONS

Control Solutions has 20 years of experience developing value-add internal audit functions. We developed our Getting Started™ in Internal Audit program to help organizations efficiently and effectively establish an internal audit function to realize the following benefits:

- Drive cost out of your business by optimizing people, process and technology and create and sustain a culture of improvement
- Maximize the value of business opportunities while minimizing risks
- Avoid surprises with a proactive approach, getting out in front of the business to mitigate and avoid costly surprises
- Provide assurance to management, the Audit Committee and the investment community with respect to regulatory and policy compliance
- Integrate and coordinate both your internal audit program and compliance initiatives to effectively utilize resources and achieve target goals

With the growing focus on corporate governance issues, more and more organizations are relying on our expertise to help them realize the untapped benefits gained from establishing an internal audit function.

### GETTING STARTED IN INTERNAL AUDIT FRAMEWORK

The Getting Started in Internal Audit framework highlights the foundational elements of an efficient and effective internal audit function.

### ESTABLISH VISION AND OBJECTIVES FOR INTERNAL AUDIT

Defining a clear vision and objectives for internal audit—what you, management and the Audit Committee expect—allows the activities of the function to be designed and focused appropriately. This is a collaborative process that reflects the organization's values and includes the following:

- Conduct interviews with key stakeholders and define a vision for the internal audit function
- Compile responses and formulate the internal audit strategic plan and mission statement
- Report proposed structure and mission statement to key stakeholders

### Establish Vision and Objectives for Internal Audit

Financial controls review • Supply chain review • SAP application review • Human resources benefits review • Fixed assets review • Disaster recovery review • Insurance policy review • Austria manufacturing site review • Stock options review • Internal control review • Data migration and control • Purchasing review • Branch review • Claims payment audit • Contract underwriting • Customer billing review • Rate conversion review • Customer satisfaction review • Contract compliance review • Sales order entry • Privacy and data protection review

### Internal Audit Projects

Establish Governance Processes

Complete Risk Assessment

Create Internal Audit Processes

Develop Support Processes

# Ready to begin?

## ESTABLISH GOVERNANCE PROCESSES

The governance process establishes the foundation supporting the efforts of the internal audit function. It also builds integrity and fosters confidence within the organization. Key steps in this process include:

- Define Audit Committee structure and roles and responsibilities
- Develop Audit Committee Charter
- Define coordination with independent accountants
- Define the role of internal audit in supporting Sarbanes-Oxley and other compliance initiatives
- Define operational reporting structure and establish communication channels and protocol

## CREATE INTERNAL AUDIT PROCESSES

The next step is to establish an internal audit protocol and processes for effective auditing. The audit protocol defines the interface between internal audit and the organization to ensure effective and efficient collaboration.

- Develop project framework, including project scoping, fieldwork and reporting procedures
- Establish and train required staff to support the internal audit plan
- Determine internal audit budget requirements
- Select and execute projects

## COMPLETE A RISK ASSESSMENT

Risk assessment, an embedded component of the Enterprise Risk Management process, focuses the efforts of the internal audit function on the high risk areas within the organization. Control Solutions utilizes its proprietary Outcome-Based Risk Assessment™ (OBRA) model that incorporates business goals and objectives in the risk assessment process.

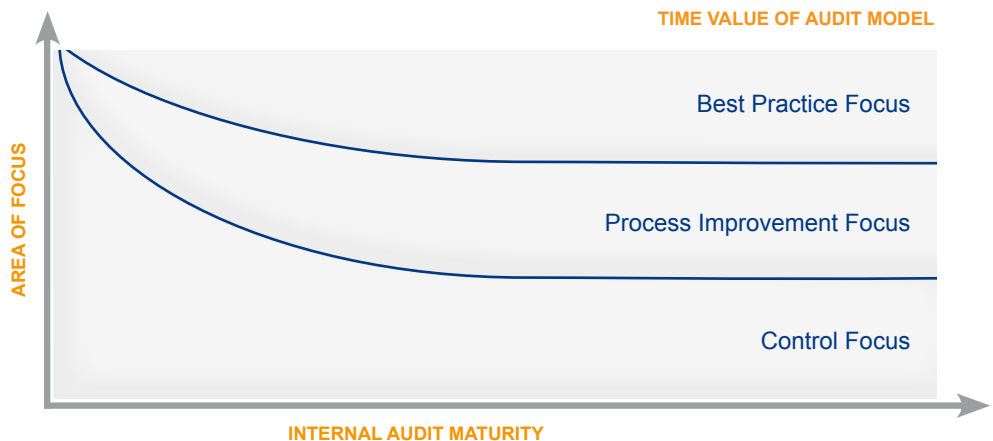
- Assess and leverage current risk assessment activities
- Establish best-practice risk assessment process
- Document risks and control improvement areas, identify opportunities for best practice implementation
- Prioritize risks and develop 12–18 month internal audit plan

## AUDIT — STAGE I

### Develop Support Processes

Support processes ensure that important administrative aspects of internal audit are defined to maximize the efficiency of internal audit efforts. They also effectively coordinate project teams with key project stakeholders.

- Project scheduling
- Personnel assignment to internal audit projects
- Coordination with department managers and other constituents
- Technology support requirements
- Document retention policies
- Project and action item follow-up



### The Maturing Internal Audit Function

As part of Getting Started, we tailor our efforts and approach to meet the unique needs of each client. Typically, the initial focus of internal audit is on basics—validating fundamental control systems. Over time, as basic control systems are validated, the emphasis of internal audit transitions into an operational improvement focus, with activities including benchmarking, process improvement and best practice implementation.

The time value of audit varies with each organization, is based on the level of effort committed to internal audit and is influenced by:

- The organization's ability to assimilate change
- Financial constraints and urgent priorities
- Strategic and forward-thinking views of internal audit's contribution to the organization's success

### Control Focus

During the early stages of an internal audit function, projects focus on evaluating the adequacy and effectiveness of internal controls and the efficiency of business processes. The internal audit function also works to ensure compliance with corporate policies and procedures and regulatory requirements.

### AUDIT — STAGE II

#### Process Improvement Focus

As the internal audit function matures within the organization, the focus of audits migrates to include incremental and radical process improvement opportunities. This focus includes identification of opportunities for improvement, process mapping, process redesign and facilitation of implementation, and ongoing monitoring of process control effectiveness.

### AUDIT — STAGE III

#### Best Practice Focus

As the internal audit function reaches full maturity, it grows beyond its internal control focus and transitions into a true value-adding internal consulting organization. In addition to monitoring the system of internal control within the organization and identifying opportunities for process improvement, the internal audit function begins to benchmark processes against industry leaders and identify additional opportunities to implement best practices. At this stage, internal audit projects are equally balanced among control, process improvement and best practice engagements.

Let our experts guide you:

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Control Solutions is a leading independent internal audit, compliance, risk management and technology firm that provides a wide range of advisory services, comprehensive solutions and innovative products globally. For almost 20 years, Control Solutions has been the trusted advisor to over 500 public, private, nonprofit and government clients. Our experienced professionals reflect our distinctive culture, placing the interests of our clients first and emphasizing integrity, commitment to quality, innovation and teamwork.

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