



YOUR CHALLENGES

The accelerating pace of change for companies—through technology innovation, industry regulations, emerging competition or shifts in markets—often creates or widens gaps between what the Internal Audit function (IA) delivers and what its stakeholders expect.

Furthermore, the expectations for IA are not only changing but also expanding, exposing the function to mounting pressure to provide additional value to the organization. In this context, Internal Audit functions face several challenges.

Not only must IA create value through providing assurance or otherwise, it must also be able to measure and communicate it to its stakeholders. As part of reinforcing its relevance, the IA function is often requested to demonstrate that audit plans and performance metrics are aligned and integrated with the business strategy and the initiatives of the organization.

IA must develop and maintain its operational agility. The function must rise to the challenge of keeping up with a dynamic and ever-changing business environment that creates new risks and increases exposure to existing risks.

IA today is experiencing a real “war for talent”. Recruiting and retaining the type of talent needed to close the gaps in audit coverage and to meet new IA requirements is and will remain a top challenge for IA functions since the demand far exceed the supply.

Questions for Business Leaders

- Are the risks most feared by the company’s Board and Audit Committee covered in the audit plan?
- Does Internal Audit have the resources, expertise and authority to address those risks?
- Is Internal Audit performance appropriately and efficiently measured?
- Does the IA function provide reasonable assurance on emerging markets?
- Is the value of Internal Audit internally recognized?



INSIGHTS

Crowe’s client experience and market knowledge have demonstrated that the gap between what the Audit Committee expects from its IA function and what the function actually delivers can often fall short in the following fields:

- Geographical scope
- Product, resource or functional expertise
- Cultural barriers and local knowledge
- Coverage or capacity
- Team mix (seniority)
- Communication and reporting
- Coordination and integration with other “assurance” functions
- Information systems
- IA’s objectives and productivity

About Crowe Risk Consulting

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1,000
risk consultants
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Part of the Crowe
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31,000
professionals globally

Top 7
Global Risk
Consulting firm
– Gartner 2014

Advisory
Firm of the year
– International Accounting
Bulletin (IAB) 2013



WHAT WE BELIEVE

Each transformation project has different components directly linked to the internal audit function situation, to its particular challenges and strengths. However, the following key topics are reviewed in all projects, and often become components of the transformation:

Global Reach

IA needs a centralized core to maintain consistent quality globally. However, IA may decide to create regional centers that allow the organization to grasp its local risks more efficiently. To benefit from regional insights, the IA function need to integrate the geographic dimension into their teams, structure and scope.

Experience and deep expertise

The IA function needs to establish plans to develop and maintain the right level of expertise—in particular forensic, systems, assurance, and industry expertise, as well as the right level of experience—in terms of seniority and practical business experience. An appropriate mix of seniority, generalists and experts needs careful thought for the function and for the different types of engagements.

Agile Approach

The IA function methodology and underlying information systems and data mining capability must be reviewed and adapted to its changing environment and to its stakeholders' expectations. This will allow IA to efficiently and effectively deliver, demonstrating its value.

Effective Communication

A formal approach to communicating (360° or “Up, In, Out”) enables IA to develop custom communication media and content and to deliver the right message to the right people at the right time.



HOW YOU BENEFIT

We help global organizations with the following solutions:

Internal audit diagnosis

Main elements:

- Collect, review and structure stakeholders' expectations
- Assess past internal audit activity
- Assess company risks
- Benchmark against market practices

Internal audit transformation

Main elements:

- Assist the Chief Audit Executive in proposing a target to the Board of Directors or / and the Audit Committee
- Design an overall transformation plan based on key components
- Develop the transformation plan into individual projects
- Develop a change management and communication (“up, in, out”) plan to support the transformation
- Design the approach and increase capabilities
- Set up the appropriate project governance to allow monitoring, accountability and ultimately delivery of the transformation
- Externally evaluate the effectiveness of the transformation (interim and final assessment)

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