

Internal Auditing Around the World

*How Internal Audit Functions
Develop Great People*

VOLUME VIII

Introduction

“INTERDEPENDENT PEOPLE COMBINE THEIR OWN EFFORTS WITH THE EFFORTS OF OTHERS TO ACHIEVE THEIR GREATEST SUCCESS.”¹

STEPHEN R. COVEY

This is a good time to be in the internal audit profession. Due to such forces as technological advancement, globalization, increased regulation in numerous industries, heightened competition for talent and a global economy that remains uncertain, organizations operate in a business environment that is likely different from when they first established their internal audit functions. To ensure there is a robust internal audit function in place that is working with management and the board of directors to identify and assess strategic risks, as well as oversee compliance efforts, many companies are revisiting how internal audit fits into their long-term plans. They also are looking to continue building the proper risk-and-control mindset not just in internal audit, but throughout their organizations. For internal audit professionals, this translates into greater opportunities for career advancement – not only within internal audit, but also beyond, to leadership roles in other organizational functions.

Given the ever-expanding role of internal audit in talent development, Volume VIII of Protiviti’s well-received *Internal Auditing Around the World* series focuses on a number of leading global companies that are leveraging their internal audit functions to help train and develop great people for their organizations.

The eight organizations profiled in this book – leaders in industries as diverse as energy, healthcare, financial services and industrial products – face challenges unique to their particular market niches, regional idiosyncrasies and corporate cultures. Yet, despite their distinct challenges and strategies, it is both striking and telling to see how many common goals they share for cultivating a work environment where internal auditors can thrive and contribute to the company’s overall success.

One prevalent theme stands out in the profiles: Internal auditors are gaining valuable exposure to other areas of the business, with the expectation that this will expand the reach of internal audit throughout the organization by building a stronger understanding of risk management and effective internal controls. As Kathy Swain, senior vice president of internal audit at Allstate, puts it: “We saw a real opportunity to create more value for the business by on-boarding and growing talent in audit. We wanted to seed people who have a strong risk and control orientation into different areas of the company.”

Rather than discourage the migration of talented internal audit professionals to other functions, companies recognize the value such highly skilled people bring to the organization as a whole and have programs in place to assist with career development and, in some cases, intentional placement in

¹ *The 7 Habits of Highly Effective People*, Stephen R. Covey, 1989, 2004, p. 49.

other departments. For instance, as Ton Teitsma, Mediq's corporate director of internal audit, affirms: "... within the last two years, we were able to migrate three of our colleagues to finance and other positions within the business." Vanguard's chief audit executive and director of internal audit, Kathy Bock, believes this "... candor about career aspirations also allows us to plan for succession, effectively transfer critical knowledge before rotation and minimize vacancies that can delay completion of audits."

Bridge building can occur in any number of ways, including when internal auditors partner with experts in different fields to work on audits, transfer to other business areas to meet critical objectives, and strive continuously to cultivate relationships throughout the organization. These activities can lead to a decided competitive advantage because the best alliances are made when there is a true understanding of how other functions operate and a genuine appreciation for what they can contribute. As more internal audit professionals go on to leadership roles in their companies, we expect such alliances to strengthen and help create positive change.

Each volume of *Internal Auditing Around the World* speaks to the value internal audit professionals bring to their organizations. Companies today cannot afford to have their internal auditors operating in a vacuum, or worse, interfering with the pursuit of core business goals. Instead, internal audit continues to earn its place as a genuine partner with other areas of the business and serve as a fertile training ground for future company leaders. As C-level executives and internal audit professionals read these profiles, we hope they will be inspired to incorporate some of the best practices discussed here into their own strategic planning and talent development initiatives.

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ADITYA BIRLA GROUP

Company Headquarters — India

Number of Countries Operates in — 36

Number of Employees — 133,000+

Industry — Industrial Products

Annual Revenues — US\$35 billion

Annual IA Operating Costs/Budget — Prefer not to disclose

Number in IA Function — 80+

Number of Years IA Function Has Been in Place — Prefer not to disclose

IA Director/CAE Reports to — Chairman, with functional reporting line to Audit Committee of Board of Companies

Note: All of the above information is accurate as of March 31, 2012.

“We offer competitive compensation, of course, but it’s more than that. We also emphasize our values – how we treat our employees and the focus we place on their training and development.”

– N.G. Shankar

Internal audit at Aditya Birla Group enters “new dimension” in recruiting and retaining talent

Aditya Birla Group is a multinational conglomerate with operations in 36 countries, including Australia, Brazil, Canada, China, Egypt, Thailand, the United Kingdom and the United States, and employs more than 133,000 people. Based in Mumbai, India, Aditya Birla evolved from a business group once held by one of India’s foremost industrialists, Ghanshyam Das Birla, and can trace its roots to the mid-19th century and the cotton trade in the Rajasthan desert.

Today, Aditya Birla is still deeply involved in the textile industry, but its diversified business interests range from chemicals to telecommunications to organized retail. Over the past decade, the group has seen its revenues grow nearly six-fold to US\$35 billion, with about 60 percent of its revenues now being generated outside of India.

Non-ferrous metals, particularly aluminum and copper, and cement are two sectors in which Aditya Birla is especially dominant. It operates the world’s largest aluminum rolling company and is one of the top producers of primary aluminum (aluminum made from bauxite ore) in Asia. Aditya Birla is also the largest cement producer in India and among the top 10 producers globally. Additionally, it is the world’s leading manufacturer of “carbon black” – elemental carbon that is used as reinforcing filler for tires and other rubber products. And one of the group’s more recent investments, Idea Cellular, is the third-largest telecom operator in India, with more than 100 million subscribers as of early 2012.

N.G. Shankar is president of Corporate Audit for Aditya Birla and based in the group’s New Delhi office. He joined the company in April 2001 with a mandate to add “a new dimension to internal audit at Aditya Birla.” Shankar explains, “When I joined the company, the chairman, Mr. Kumar Mangalam Birla, and the senior management team were positioning the organization for high growth. They brought me on board to be an agent of change and help the businesses adopt best practices for internal audit.”

Today, Shankar’s scope of internal audit management responsibility extends across 70 percent of Aditya Birla’s operations, including the carbon black business and Novelis, an aluminum-rolling company that was acquired in 2007 and reported revenues of US\$10.6 billion in 2011.

Functionally, Shankar supports Aditya Birla’s senior management team and reports to the group’s chairman, Mr. Birla, for the function, as a whole. He also has a functional reporting line to the audit committee of the board of companies. Aditya Birla has more than 80 internal auditors, some of whom

are located in Brazil, Europe, Korea and the United States. Shankar has six direct reports based in India – one in Bangalore, two in Calcutta, two in Mumbai and one in New Delhi. A seventh business audit head is stationed at the North American headquarters for Novelis in Atlanta, Ga., and reports to Shankar on a dotted-line basis.

Shaping talent through the “graduates” program

Shankar admits that attracting and retaining talent is always challenging, even for a well-established and rapidly growing global conglomerate like Aditya Birla. “India is a good growth market – there are many jobs available,” he says. “If a talented young professional receives an attractive offer from another organization, that person will probably leave us. That’s just how it is now.”

In 2008, after realizing that there was a shortage of highly skilled, entry-level, accounting and finance professionals available for hire in India, Aditya Birla began investing more in developing young talent. As part of that effort, the internal audit department collaborated with the group’s human resources team to recruit and train graduates from universities. “We believe the program we started is unique for an internal audit department in corporate India,” says Shankar.

As of early 2012, 16 people, who joined the company between 2008 and 2011, were enrolled in Aditya Birla’s “graduates” program – and working directly with Shankar’s internal audit team. (Candidates have completed at least five years of relevant university education: three years in a graduate program and two years of post-graduate work.) “Each year, we enroll about 10 people in the program, but the selection process actually starts a few months before graduates finish at university,” Shankar explains. “The candidates must complete a six-month internship, and after an evaluation, are invited to join the internal audit team at Aditya Birla. However, they must still undergo a six-month probation period – and excel in their role – before they are extended an offer of permanent employment.”

The graduates start out as analysts, essentially, but have the opportunity to grow professionally within Aditya Birla as team members when they are ready. “They are encouraged to move out of our function, but of course, the right opportunity must be available for them,” Shankar explains. “One of our graduates recently decided to move into a line function, for example.” He adds that the “stated policy is to keep people three to five years in our function and then try to move them out to other businesses or roles in the group – unless they prefer to be career auditors.”

Highlighting diversity and global reach

However, even with a formal recruiting and training program in place for internal auditors, the highly competitive employment market in India means Aditya Birla must work hard to stand out as an employer of choice. Underscoring its “Employee Value Proposition” to potential hires is one approach it applies. Shankar explains, “We offer competitive compensation, of course, but it’s more than that. We also emphasize our values – how we treat our employees and the focus we place on their training and development. Our group invests a lot of capital in developing our people. I don’t think many companies in India do as much as we do in that regard.”

Another approach to attracting talent for all parts of the business is the “World of Opportunities” messaging that is intended to highlight the diversity and global reach of Aditya Birla’s many businesses. Shankar says it is especially important for the company to demonstrate that it can offer a wide range of interesting career paths for talented professionals: “In one recent interview, a candidate said to me, ‘I’m very restless. I need something new all the time.’ I think most professionals today are like him. They want new challenges and expect to change jobs or roles every few years.”

He adds, “I know that talented people on my team won’t be satisfied doing the same old audit time after time. If we can’t find new ways to help people grow and motivate them to contribute, they’ll start looking elsewhere for opportunities. This is something I definitely see clearly. And it’s why we try to give them new projects and encourage them to move to another business audit team or into another part of the business whenever possible.”

Internal audit can be a valuable training ground for talent who seek a broader career track within Aditya Birla – and for that reason, Shankar says the organization eventually may make earning firsthand experience in the function mandatory for some employees. “We are considering starting a program where anyone with an accounting background who joins the group would be assigned to internal audit first, maybe spend a year or two, and then go out into the business,” he says.

Coaching and mentoring at Aditya Birla

Shankar believes professional development in almost any form is valuable for talented employees, but says he finds formal coaching to be particularly rewarding for parties on both sides of the process. Shankar is a certified executive coach, and earned this designation in 2008 after taking part in a formal “Leadership through Coaching” program at Aditya Birla, which involved 60-70 executives working for the group at the time.

The executive coaching program took about eight months to complete and was “a very powerful experience,” according to Shankar. He says, “Coaching is not the same as mentoring. It is a results-driven process and can be very intense. When I’m coaching, I really want the ‘coachee’ to succeed. I am only assisting in their journey. This process can be a great tool for self-development, too, because you often identify areas where you could improve.”

In addition to coaching members of the internal audit team, Shankar has been asked by Aditya Birla’s HR department to provide similar guidance to other employees in the organization. “So far, I’ve coached about five people outside the corporate audit function to help build leaders within the group,” he says.

To assess whether an employee is ready to take the next step “up the ladder” and participate in formal leadership development, he or she must participate in a full day of testing through a Development Assistance Center, which is managed by a third-party resource. “I have gone through this process, as have my direct reports,” says Shankar. “Essentially, you sit in an office and interact in a simulated company environment. There are a number of role plays; one has to conduct meetings, think of strategies, resolve differences between individuals, respond to challenging emails, or offer guidance to employees on business matters.”

He adds, “This whole process provides insight into how someone would address and resolve certain types of situations. The evaluation is somewhat subjective, but you do get a reasonable sense of a person’s leadership abilities.”

Mentoring is another way that Shankar is helping to shape future leaders inside and outside of Aditya Birla’s internal audit department; in early 2012, for example, he was mentoring a management program trainee. “This is a more relaxed process,” he explains. “It’s more about sharing life experiences and wisdom. For example, a mentee might say to me, ‘I’m currently on an assignment in Thailand and am finding it very difficult to get people to share information. What should I do?’ So, with my experience in dealing with people in different geographies, I might be able to advise the mentee on how to influence others. I share an idea and hopefully, it clicks.”

Supporting a “free exchange of ideas”

To gain deeper insight into his team’s strengths, weaknesses and overall attitude toward their work and Aditya Birla, Shankar conducts annual skip-level interviews for all indirect reports. “These interviews give me a sense of the pulse of the internal audit department,” he explains. “Of course, each team member is going to have different issues depending on what part of the business they

work in. Someone dealing with the iron ore mining business is not going to face the same challenges as someone in telecom, for example. But I think meeting to talk through concerns helps the whole team to be more connected.”

Shankar also requested input from every person in his department when they developed a new internal audit charter and manual in an effort to bring greater clarity around the function’s purpose and the team’s roles and responsibilities. “What we created together is very comprehensive,” he says. “In fact, the external quality team who reviewed our work recently said they had no further recommendations.”

Another strategy Aditya Birla is using to retain and motivate talent – particularly its younger employees – is to make better use of technology. For example, it has automated performance appraisals in an effort to increase transparency and efficiency around the process.

“It used to be a completely manual exercise,” Shankar says. “But now everything is done online. I think this is an example of what we have to do going forward – use information technology as much as possible in our processes. It can help to support the free exchange of ideas, which is an important part of our work culture. You can’t build a relationship with anyone without respect and trust.”



Allstate
You're in good hands.

Company Headquarters — United States
Number of Countries Operates in — 2
Number of Employees — 37,000
Industry — Insurance
Annual Revenues — US\$33 billion
Annual IA Operating Costs/Budget — Prefer not to disclose
Number in IA Function — 52
Number of Years IA Function Has Been in Place — 50+
IA Director/CAE Reports to — Chief Financial Officer

Note: All of the above information is accurate as of December 31, 2011.

“Think of [internal audit] as a freshwater pond. If the pond doesn’t have water coming in and going out, it will become stagnant. With a source of fresh water coming in, and a source of water leaving, it becomes an organism that is refreshing itself regularly and staying healthy.”

– Kathy Swain

Refresh, rebrand: Developing leaders at Allstate

When she assumed her role as senior vice president of internal audit at Allstate Insurance Co., Kathy Swain – encouraged by Allstate leadership – immediately began to engage the internal audit team to help develop leaders for the company.

Prior to heading up the internal audit function, Swain worked in technology as the vice president of enterprise applications at Allstate. The property and casualty insurance company sells auto and property insurance, as well as life insurance and other financial products, through an exclusive agent channel in the United States. Allstate is a publicly traded Fortune 500 company with US\$96 billion in investments and US\$33 billion in annual revenues.

Given the organization’s U.S.-based footprint and the largely centralized nature of the company, Allstate’s Northbrook, Illinois headquarters houses everyone on the internal audit team. Swain reports to the company’s audit committee and board of directors, with a dotted line to the chief financial officer. She oversees 52 auditors, co-sourcing some of the audit work in areas where she does not wish to ramp up skill sets, such as technology and investment valuations. Four auditors report directly to her and the others report to managers.

The internal audit team provides assurance to the key stakeholders of the enterprise that Allstate’s processes and controls are working as intended. Semiannually, the auditors provide an opinion to the audit committee and senior management on the systems of risk management and internal controls.

From compliance auditing to talent grooming

Four years ago, Allstate emerged from a period of focusing primarily on financial reporting and Sarbanes-Oxley Act compliance. “We paused at that point and asked ourselves what we should do to achieve the needs of our stakeholders,” Swain says. The internal audit team, led by Swain, then began the process of research, analysis and dialogue with management and the audit committee to build and align on Allstate’s new “IA Strategy,” which they refreshed in 2011.

“We wanted to focus on assurance, but we also felt we were in the unique position to identify real value-add opportunities for the business,” says Swain. “While communicating to our stakeholders through our audit work on the state of the system of internal controls, we also wanted to communicate the benefits we deliver through our improvement recommendations.”

She adds, “We realized that as part of our refreshing/rebranding effort, we needed to better leverage and integrate with Allstate’s other governance, risk and compliance groups, such as the regulatory compliance functions and risk management team. We worked harder to develop mutually respectful and transparent business relationships with the folks in this community. In turn, this increased our own effectiveness.”

After regrouping in the post-Sarbanes-Oxley era, Swain and her team examined how they had executed their role in the previous five years and discussed how they could and should execute in the future. Who were their clients? What did “effective delivery” mean? The auditors understood that to be successful in their new role, they would need a different set of skills and capabilities. “We started with general audit skills and looked at the audit processes we used to deliver our work, but it quickly went beyond that,” Swain says. “We began to assess the type of people we hire – their skills, as well as our training and on-boarding programs. If we were going to move from being a mostly compliance-based audit group to a more strategic function, we understood that we needed a different set of capabilities. We would have to attract and groom talent.”

Swain points out that before embarking on recruitment of talent for internal audit, it is essential to first identify what to look for in candidates and determine why those qualities are important to the function. To help with that process, she and her team developed a new definition of the “type” of auditor Allstate needed.

When Swain joined Allstate’s internal audit function in 2007, it could be characterized as a career audit shop where auditors would dedicate 20 to 30 years. “We decided that too high a proportion of career auditors was not optimal for the internal audit function – or for Allstate,” she explains. “We saw a real opportunity to create more value for the business by on-boarding and growing talent in audit. We wanted to seed people who have a strong risk and control orientation into different areas of the company.”

Swain continues, “We made the decision to transform from a primarily career audit shop to one with solid audit skills but also with strong business expertise and other attributes, such as exceptional communication skills. We began by recruiting talent from the business as well as new hires from campus, six people per year, and developed a rigorous on-boarding process for all of our hires – but particularly for new campus hires. We also began to rotate a proportional number of team members into business roles.”

The on-boarding process

The internal audit function’s intensive on-boarding process spans two months. Each new hire is partnered with a seasoned auditor who becomes a mentor, coach and primary point of contact. The new auditors are given audit assignments from day one – an immersion-style approach to training. They also participate in classes, part of a comprehensive online training curriculum that Swain and her team designed. These classes include basic audit and risk management training and introductions to the insurance industry and insurance accounting.

By partnering with experienced auditors through a mentoring program as well as on audit assignments, the new hires benefit from the knowledge of their veteran counterparts; they also meet a wide range of audit and business people in the course of their work. All experienced auditors participate in this on-boarding process at some point, working directly with new hires on assignments and sharing insights along the way. Additionally, all new internal audit professionals – from directors to administrative staff – go through the on-boarding process.

During the first two years in internal audit, individuals rotate into various audit assignments to gain as much exposure to Allstate as possible. Once the auditors have spent time working with various business units and focusing on a wide range of risk and control issues, they are prepared to identify what they find most interesting and rewarding and can begin to narrow their area of expertise.

Swain and her team are in the process of building capabilities; they find and fit new strengths and abilities into the team like the missing pieces of a puzzle, with an eye on team diversity. “Our effectiveness is based on how quickly and seamlessly we collaborate and get the right skill sets on an audit,” Swain says.

Some skills the internal audit team may need occasionally, such as technical actuarial expertise, are co-sourced or found through a guest auditing program, where experts from within Allstate are recruited to help with specific audits. “This kind of staffing strategy – where we recruit new hires, channel people into the organization on a regular basis, and supplement our skills with co-sourcing and guest auditing – means we need well-defined and understood audit processes that allow for really efficient on-boarding,” Swain says. “We bring people in, train them and get them up to speed very quickly.”

This staffing strategy is, for Swain and her auditors, both an overall philosophy and a formal program. “Our philosophy has become hard-coded into our approach,” she says. “If you cannot always rely on career auditors who know your processes inside and out, and instead have to train a constant stream of new auditors, then you must simplify your methodologies, making them more transparent and understandable. All of this emerged as we embarked on our new strategy.”

While recruiting a base number of individuals from campus every year, the team also wanted to place a steady flow of auditors out of the function and into other parts of Allstate. Swain likens this to keeping the internal audit resource pool healthy and dynamic. “Think of it as a freshwater pond. If the pond doesn’t have water coming in and going out, it will become stagnant. With a source of fresh water coming in, and a source of water leaving, it becomes an organism that is refreshing itself regularly and staying healthy.”

Now, five years into this refresh/rebrand strategy, Swain and her team are seeing the fruits of their labors. “We have started to build unique and interesting skills,” she said. “My job isn’t to grow people for the internal audit profession, it’s to grow talent for Allstate – people who know and understand our organization’s risks and controls. Our philosophy is to bring them in for three to five years and then place them into the business.”

However, Swain’s approach does not focus solely on a rotation of new hires through her group. “We have a group of about 50 people, and some are senior auditors and managers. We can’t survive just on new hires who are being funneled out to the business; we need some core level of stability,” she says. “We understand that our managers and leaders need a certain amount of real-life business expertise, and we need to entice them back into the fold to help run this function.” Swain has established an alumni group to maintain a relationship with former auditors, with the idea of bringing them back. Once reintegrated, these seasoned professionals also go through an on-boarding process, this one geared toward audit leadership.

Challenges and rewards

Five years ago, developing leaders for Allstate evolved into Swain’s mandate. “We did all the strategy work and embarked on this long journey, identifying the steps we had to take to become a source of talent and deliver more value. While we were doing all this, we also had to execute audits every year. Additionally, we endured a financial crisis during that time – the economic downturn has had a significant impact on the insurance industry – so it has been a real challenge. While we are changing our strategy, the company has been changing its strategy as well.”

An additional challenge Swain cites has to do with understanding the desires and expectations of everyone on the team. “Everyone is different. They all have their own career goals,” she says. “One of our ‘aha’ moments was when we realized we needed to be flexible within our own structure.” Swain says she believes that the success of her team’s approach depends on getting clear on strategy and goals – not building capabilities or training for the sake of doing it, but for the purposes of adding value and nurturing talent. For her, the most important benefits stemming from this approach have been the improvement of the assurance her team delivers to the audit committee, creating a greater sense of reliability of auditors’ opinions and recommendations, and enhancing her team’s credibility within the Allstate community.

“The Allstate internal audit strategy supports not only the mission of the internal audit function, but of Allstate, as a whole,” says Swain. “We linked our strategy to the company’s strategy.”



Bristol-Myers Squibb

Company Headquarters — United States
Number of Countries Operates in — 44
Number of Employees — 27,000
Industry — Biopharmaceutical
Annual Revenues — US\$21.2 billion
Annual IA Operating Costs/Budget — Prefer not to disclose
Number in IA Function — 42
Number of Years IA Function Has Been in Place — Unknown
IA Director/CAE Reports to — Chairman of Audit Committee
and CEO with a dotted line to CFO

Note: All of the above information is accurate as of December 31, 2011.

“Diversity is a recognized strength that Audit Services maintains and fosters, making the team better in every dimension.”

– Sandra Cartie

Transforming audit, creating leaders at Bristol-Myers Squibb

Bristol-Myers Squibb is a global biopharmaceutical company focused on discovering, developing and delivering innovative medicines to help patients fight serious diseases. Ranked by *Forbes* magazine as the “Best Big Drug Company of 2011,” Bristol-Myers Squibb has delivered 13 new medicines to patients in the past 10 years. Headquartered in New York, the company has 27,000 employees and operates in 44 countries, with annual revenues of US\$21.2 billion.

Sandra Cartie leads Bristol-Myers Squibb’s audit function – known as Audit Services – as senior vice president and chief audit executive. Cartie was promoted to her current role in December 2007 after serving as vice president of finance for the company’s U.S. Pharmaceuticals division. The Audit Services group consists of 42 professionals, including auditors, an enterprise risk management coordinator, a three-person Sarbanes-Oxley program management office and two administrative personnel. Cartie reports to the audit committee chair and chief executive officer (CEO) and administratively to the chief financial officer (CFO).

Historically, the Audit Services team at Bristol-Myers Squibb has applied a traditional approach to audit, engaging in mostly cyclical financial market audits. The audit committee chair, CEO and CFO gave Cartie the mandate to transform the function to achieve world-class standards, including determining that key risks are managed effectively, delivering value in audits, building a high-performing team and providing a training ground for key talent.

“When I joined the internal audit function in December 2007, with the support of the audit committee and executive management, I rebranded the department to Audit Services, established a vision to drive the group to world-class standards, and started attracting internal candidates with Bristol-Myers Squibb experience,” Cartie says.

Audit Services

The mission of Audit Services at Bristol-Myers Squibb is to provide independent, objective assurance and advisory services designed to add value and improve the company’s operations while supporting business objectives by evaluating and improving risk management, controls and governance. To achieve these goals, Audit Services focuses on five key enablers:

- **People** – Maintaining a diverse, flexible, experienced and agile audit team that proactively identifies key risks, quickly responds to new requests, and is a source of talent for the company.

- **Risk** – Acting as a risk catalyst by leveraging a single view of risk to determine that key risks are effectively managed, including emerging and changing risks.
- **Value-Added Initiatives** – Improving governance, the control environment and business processes, and driving shareholder value.
- **Processes** – Raising the bar on process improvements.
- **Technology** – Leveraging advanced technologies to audit activities more efficiently.

“We want Audit Services to be viewed as an attractive next step in one’s career path within the company,” says Cartie. “We have been successful in achieving this goal at all levels within the department. We have also changed the way we think about risk from a traditional bottom-up approach to a top-down, shareholder, value-based approach.”

As a result, Audit Services has moved away from cyclical market audits and now audits the company’s highest risks instead. Risk issues for the organization can include, among other things, third-party relationships such as outsource partners, data privacy and security, compliance, supply chain, and information technology (IT). “We recognized that we needed a diverse staff with different experiences and qualifications to manage these audits and develop our team,” Cartie says.

Developing leaders

Audit Services represents one of the rare opportunities for individuals with two to five years of experience to enter Bristol-Myers Squibb and learn about global markets and operations, as well as interact with the company’s top executives. Audit Services provides a platform for both personal and professional growth, including the opportunity to build not only financial, strategic, operational, compliance and IT skills, but also great verbal and written communication skills. “In Audit Services, auditors learn about the dynamic biopharmaceutical industry,” Cartie says. “They are exposed to strategic initiatives, become involved with department special projects and interact directly with leadership across the company.”

According to Cartie, auditors generally stay in the department a minimum of three years and over this period are assigned tasks with increasing responsibilities, including managing staff. After three years in the department, the auditors’ maturity and knowledge can set them apart from their peers. “This is a competitive advantage and it positions our auditors to potentially move up faster and be recognized on the company’s key talent list,” Cartie says.

The importance of training and visibility

Auditors receive at least two weeks of comprehensive professional training each year where continuing professional education (CPE) credits are granted. Training includes business strategy, industry and business information, emerging audit hot spots, technical training, communication skills, compliance and regulatory updates, new Bristol-Myers Squibb policies and procedures, new applications and systems overviews, data analytics, and team-building events.

To broaden their business knowledge, experience and network, Audit Services provides team members opportunities to contribute to initiatives inside and outside of the audit function. For example, one audit manager was responsible for updating the company’s finance knowledge-sharing site in 2011, which gave him exposure within finance and human resources. Another led the development of the finance function’s rewards and recognitions program. Others have assisted with application implementations and participated on rapid innovation teams to help improve processes.

“These accomplishments are visible and recognized,” Cartie says. “We have an Audit Services ‘employee of the month’ award and a quarterly award for the team that delivers the most value on an audit or project.” In addition, Cartie says monthly departmental meetings, which include one-hour updates on important department and company matters, are followed by a one-hour “lessons learned” session, where each audit team presents insights that can be applied to future audits.

The road to implementation

With support from the audit committee, CEO and CFO, results began to immediately take shape around the Audit Services team's goal to achieve world-class standards. An aggressive hiring plan was established in 2008, the first year in the transformation process. Soon, the mix of financial, compliance, IT and operational auditors reached sufficient numbers to execute Audit Service's audit plan and mission.

Audit career paths are defined and a continuous learning and development model is established to improve auditors' business knowledge and experiences. "Staff performance is measured against criteria that reflect the Audit Services' objectives and Bristol-Myers Squibb's values," Cartie says. "We have augmented our training programs to include elements designed to improve business acumen, judgment and perspective among auditors."

And while all new employees at Bristol-Myers Squibb are required to complete certain online courses, Audit Services, as part of its knowledge management strategy, raises the bar even higher for its new hires with a site designed specifically for on-boarding. Additionally, as soon as an auditor joins the department, he or she is immediately assigned a mentor and a peer "buddy" to aid in his or her professional development.

Audit Services has seen improvements across the board because of its professional and leadership development efforts, including more team diversity, enhanced auditor skills, and better risk coverage. According to Cartie, the Audit Services team also has successfully:

- Implemented an optional management path for team members who choose to remain in Audit Services to maintain knowledge and continuity, in addition to the traditional rotational path to roll out after three years in the group.
- Enacted a guest auditor program. Talented employees from across Bristol-Myers Squibb are developed by giving them opportunities to join audit teams in areas in which they are not normally exposed. There is also a 12-month rotational program for financial and accounting associates. A six-month pilot rotational program with the company's global procurement group has been launched for 2012.
- Provided Audit Services staff members with opportunities to contribute to initiatives inside and outside of Audit Services as a way to broaden their experience and network.

In 2012, Audit Services plans to continue giving auditors exposure to various stakeholders, especially those outside of the finance function. "This will provide the stakeholders more visibility into the depth of Audit Services' leadership and skills, and also provide the Audit Services management team with development opportunities," Cartie explains. For example, for development purposes, an executive director in the group joined the Financial Shared Services team in Q1 2012 for a three-month program to broaden his business knowledge and experience.

There have been numerous benefits realized through Audit Services' leadership development program. Audit Services excels at coaching, developing and challenging its employees to perform at their highest levels, and team members are a key source of talent for the company. "There are two paths auditors can take," Cartie says. "One is to roll out after three years into a business unit or function, usually with a promotion in grade level. The other path is to stay in Audit Services and be promoted to higher levels within the function."

As evidence of Cartie's success, seven auditors rolled out of Audit Services in 2011 to assume key positions in finance and global procurement positions at Bristol-Myers Squibb. "They are all doing extremely well," Cartie says. Today, Audit Services alumni work across all finance functions, regional business units and in some operating roles, including global procurement; sales and marketing; business operations; research and development; IT; strategy, alliances and transactions; real estate services;

and the Bristol-Myers Squibb Foundation, an independent charitable organization. The CFO and audit committee regularly review auditor rollout statistics.

“We offer careers, not jobs,” Cartie says. “We hire the best people and provide the guidance, training and support needed for them to realize their potential. Our success has been possible because of the quality of our people, our commitment to excellence, and our team effort in accomplishing common goals.”

Performance measurement

After every audit, auditors receive a performance review that covers both results and behaviors. One measurement is “Grow and Engage,” which includes:

- Sharing knowledge and learning with others.
- Seeking and giving feedback and coaching.
- Meeting challenges with enthusiasm.
- Recognizing others’ achievements.
- Challenging one’s self and others to continuously improve.

In addition, all auditors have annual objectives and receive a formal midyear review, which focuses on their career development, as well as a year-end review, which focuses on results and the behaviors used to drive those results. Key performance indicators, which are reported to Bristol-Myers Squibb’s audit committee, include diversity, staff rollouts, internal hires, certifications, education, length of service, training days, and guest and rotational auditors.

In the second half of 2011, a leading accounting and professional services firm assessed Audit Services’ compliance with The Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing* and benchmarked Audit Services’ operations and activities against 100 high-performing internal audit groups of all sizes and industries. This assessment concluded that Audit Services had implemented significant changes since 2006, the prior assessment date, and now exceeds the high-performing benchmark population for people, strategy, structure and processes, and determined many of these accomplishments are leading practices.

In addition, this assessment confirmed that Audit Services has achieved a high degree of respect and credibility throughout Bristol-Myers Squibb and is aligned with the organization’s corporate strategy. The study also pointed out that “Audit Services’ strategy, structure, people and processes exceeded the leading benchmark population.”

“We conduct a survey after every audit, and for every year since 2008, our total average scores have increased,” Cartie says. “More than 60 percent of our audits are new, and often involve people who are not accustomed to being audited, so getting consistently high scores is a testament to the strength of the audit team. Auditees recognize the value we are bringing to their businesses.”

Of all the successes that the newly transformed Audit Services department at Bristol-Myers Squibb has achieved, the team is perhaps most proud of its diversity. The team embraces a culture of inclusion and leverages all aspects and traits that make each member unique. This has led to higher performance and a richer talent pool, with employees who represent different perspectives, experiences and leadership styles working together effectively to achieve key goals.

“Diversity is a recognized strength that Audit Services maintains and fosters, making the team better in every dimension,” says Cartie. “We are proud of the inclusive atmosphere we’ve created and the essential role it plays in helping us achieve world-class audit standards and maximize everyone’s potential and team results.”

Brookfield

Company Headquarters — Brazil
Number of Countries Operates in — 1
Number of Associates — 8,300
Industry — Financial Services
Annual Revenues — R\$3.87 billion
Annual IA Operating Costs/Budget — US\$1 million – US\$5 million
Number in IA Function — ~12
Number of Years IA Function Has Been in Place — 8
IA Director/CAE Reports to — Chief Internal Auditor – Brookfield Asset Management (Toronto)

Note: All of the above information is accurate as of December 31, 2011.

“Our next step will be to gain recognition from middle management and then build on it to communicate that Audit Services is a talent pool for the organization.”

– Richard Maingot

Brookfield Brazil – Recruiting, training and building a team

Brookfield Brazil is an asset management company with approximately US\$13.5 billion in assets under management (AUM) and 8,300 employees. It is a wholly owned subsidiary of Toronto-based Brookfield Asset Management, a multinational organization with major assets in Australia, Europe, North America and South America. Brookfield Brazil’s headquarters are located in Rio de Janeiro.

As director of Corporate Audit Services for Brookfield Brazil, Richard Maingot leads a team of about a dozen internal auditors. He joined Audit Services in 2004, after working as the company’s group financial controller. Brookfield Brazil was growing rapidly during that time, increasing its AUM more than sixfold, from US\$2 billion to US\$13 billion. This growth, and the company’s resulting need for more industry-specific auditing expertise, prompted Brookfield Brazil to restructure and expand its Audit Services team. At the time, it had only one internal auditor.

Maingot was tasked with creating an independent audit function for Brookfield Brazil, as an integral part of Brookfield Asset Management’s audit function based in Toronto. The Audit Services team in place at Brookfield Brazil today is large by Brazil’s standards, but the size is appropriate given the range of the company’s operations in Brazil, which include renewable power, residential real estate development, shopping malls, agribusiness, timberlands, finance and advisory, and private equity.

Maingot says that he drew on his previous experience recruiting talent for Brookfield Brazil while assembling his new team. He also relied on the expertise of external recruiting specialists. “Audit training is quite different in Brazil than it is in North America,” he says. “There are not ‘ready-made internal auditors’ to choose from, so we seek out individuals who have been involved in some aspect of auditing, such as external auditing, Sarbanes-Oxley compliance or enterprise risk management (ERM), and then mold the individual into a Brookfield internal auditor.” Maingot recruits from leading accounting and professional services firms, and then takes the auditors through The Institute of Internal Auditors’ (IIA) internal audit certification process to make sure his team is building the auditing skills the company needs.

A two-part approach to hiring

According to The IIA in Brazil, there are approximately 220 Certified Internal Auditors (CIAs) in the country; this number includes two current and three former Brookfield Brazil employees.

Because of the relative youth of the internal auditing industry in Brazil, many external auditors from leading accounting and professional services firms have highly specific experience, mostly Sarbanes-Oxley compliance and ERM expertise.

With this in mind, Maingot says Audit Services uses a two-part approach to hiring talent. “The first part is to recruit from the leading accounting and professional services firms,” he explains. “However, while these are talented and experienced professionals, it is sometimes difficult to get the exact skill set that we are looking for.”

He continues, “In the past, we have either chosen someone from external audit who wanted to move away from financial statements auditing, or we hired someone who had been focusing primarily on Sarbanes-Oxley work, which, in Brazil, is often a narrow and limited process. Neither of these skill sets were precisely what we were looking for, but we were able to build on them. We also found auditors with ERM experience who were more aligned with our needs – people with a clear understanding of business processes, risk and control.”

Regardless of whether their focus had been financial statements auditing, Sarbanes-Oxley or ERM, all of Maingot’s recruits needed to be trained in internal auditing. “We had to develop the skills they were missing,” he says. “We put the auditors through a rigorous program that culminated in embarking on the CIA exams via self-study or local courses administered in Brazil. After the auditors complete the CIA certification, we encourage them to obtain other certification.” For example, Maingot and his senior audit manager, Marcos Kovacs, are certified fraud examiners (CFEs). The first time an auditor prepares for and takes the exam, Brookfield pays all expenses.

The second part of the hiring approach consists of rethinking Audit Services’ existing co-sourcing arrangements. “Due to the growth of our group, we have brought skills in-house that we would have typically co-sourced,” Maingot says.

One area that had been largely outsourced or co-sourced is digital forensics. The Audit Services team is responsible for investigating allegations of fraud and calls to the ethics hotline. “The growth of the company has created an increased need for this type of skill set and an increasing need to bring forensic work in-house,” Maingot says. “We were able to find qualified IT auditors from leading accounting and professional services firms and then take them through the necessary digital forensics training. We currently have three auditors who are certified users of forensic software.”

Another example of bringing talent into the department rather than co-sourcing is in construction-related auditing. Maingot says he is currently seeking an engineer with an interest in auditing, since this area goes beyond real estate development; the company is involved in renewable power and the development of power stations. “We can train engineers to be auditors, rather than the other way around, which is what we have done in the past, with little success,” he says.

“With the expansion of the company and growth of the department, some specific skills we will still co-source, but we are trying to build and augment our team talent,” Maingot says. “For example, 18 months ago we brought a certified information systems auditor (CISA) on board, and under the direction of [Marcos] Kovacs, we trained him to develop digital forensic skills. Most of his audit development training has been on the job. He is just one exam short of completing his CIA exams and is delivering exactly the results we were looking for in digital forensics.”

A three-part training process

The Audit Services team at Brookfield Brazil today includes people from a range of backgrounds. Any gaps in auditing skills and expertise are addressed through a formal training process, which includes three key components:

1. **On-the-job training.** During the recruitment process, Maingot and Kovacs identify the strengths of each candidate as well as areas requiring further development. Audit managers are

assigned to assist with on-the-job training, or mentoring – for example, demonstrating how to document business processes in flowcharts and narratives.

2. **CIA preparation.** The second part of the training process is preparing for the CIA exams. The auditors have the choice of participating in courses run locally in Brazil or using self-study tools. Audit Services provides the materials and allows study time during the year, including a paid “study week” prior to the exam. Additionally, a portion of the auditor’s annual bonus payment is based on the results of the CIA exams.
3. **Specific training for specific needs.** This component can be accomplished either in-house or with the help of outside courses run by The IIA in Brazil, or at leading accounting and professional services firms who also offer these training courses or seminars. “We have done a number of in-house training sessions,” Maingot says. “We have conducted sessions on COBIT and ACL, run by our auditors with experience in those areas. Sometimes, auditors find an external course they want to take to develop certain skills, and if it is high quality, we authorize it. We budget one month’s salary per auditor for training.”

He adds, “Since our parent company has operations in many countries, there are always areas where we need to increase our knowledge. For example, we train our staff to understand emerging or recent legislation, such as the U.K. Bribery Act.”

The benefits of a well-trained team

The results of Brookfield Brazil’s training efforts for its Audit Services team have been significant. “The quality of work that we get from the auditors has increased,” Maingot says. “Our delivery of audit results to management has also improved. We have invested the time and resources, and as a result, we have achieved better work on our traditional audits, on the proactive advisory services we provide to management, and on our digital forensics and fraud investigations.”

For Maingot, better work means Audit Services has increased its own credibility in the eyes of Brookfield Brazil’s leadership and throughout the various business units the team serves. “We have demonstrated our relevance,” he says. “When management is pleased with results, we are asked to do more. When we have trained auditors delivering excellent work, there is reinforcement from the top.”

According to Maingot, Audit Services is viewed generally as a value-adding partner throughout Brookfield Brazil. But he says he is not developing internal auditors to move out of the function and into other areas within Brookfield Brazil – at least, not yet. “Our next step will be to gain recognition from middle management and then build on it to communicate that Audit Services is a talent pool for the organization,” he says. “I am looking forward to the next stage.”

Meanwhile, Maingot may soon find that he will not have to look far when recruiting talent for Audit Services: A new initiative will be implemented at Brookfield Asset Management to promote mobility into and out of Audit Services, as part of career progression within the company.

Maingot says, “This proposal has not yet been implemented, but I am pleased to know that in the future, I will have the space to leverage the Audit Services function to develop high-potential professionals within our organization.”



GDF SUEZ

Company Headquarters — France
Number of Countries Operates in — 70
Number of Employees — 220,000
Industry — Energy
Annual Revenues — €90.6 billion
Annual IA Operating Costs/Budget — >US\$15 million
Number in IA Function — 160
Number of Years IA Function Has Been in Place — 11
IA Director/CAE Reports to — Chairman and Audit Committee

Note: All of the above information is accurate as of December 31, 2011.

“I believe internal audit can be an excellent training ground for future business leaders in the organization because we truly cover the entire world and all the activities of GDF SUEZ.”

— Xavier Bedoret

GDF SUEZ: Energizing internal audit with development opportunities

GDF SUEZ, born out of the 2008 merger between European energy companies Gaz de France and SUEZ, is today the world’s top independent power producer. It employs more than 200,000 people, is active in 70 countries across all continents, and is focused on three main business areas: electricity, natural gas, and energy and environmental services. Based in Paris, GDF SUEZ reported revenues of more than €90 billion in 2011 – with nearly 80 percent of that income derived from the company’s operations in Europe.

GDF SUEZ divides its activities into six operational business lines: Energy Europe, which handles energy management, distribution and related activities in continental Europe; Energy International, which produces, distributes and supplies gas and electricity in markets abroad; Global Gas & LNG, which focuses primarily on the exploration and production of gas; Infrastructures, which is responsible for energy transmission and distribution activities in Europe; Energy Services, which delivers sustainable energy and environmental solutions to select customer segments; and Environment, which provides water, sanitation and waste management services.

Xavier Bedoret is chief audit executive for GDF SUEZ, a role he assumed in 2008. He reports to the chairman and audit committee and leads a global internal audit team of 160. Twenty-five of his staff members work in the company’s headquarters in Paris and Brussels. The other auditors are distributed across the company’s six business lines, each of which has its own internal audit team.

Bedoret, along with corporate managers and key representatives of operational management for GDF SUEZ, convened shortly after the 2008 merger to establish a new charter for internal audit. Bedoret says increasing the function’s agility quickly emerged as a top objective. “Both top and regional management were expecting greater agility from our team – intellectual and professional agility, and in terms of moving around the business when and where we are needed, physical agility,” he explains. Other goals that have been outlined in the charter, according to Bedoret, include strengthening the team’s overall expertise and making their engagements more relevant to the business.

The Internal Audit Academy

To help the internal audit team meet its objectives, GDF SUEZ launched an “Internal Audit Academy” in 2011. The academy is a continuous professional education initiative that connects staff members with regional training sessions; its broader objectives are to promote innovation, intellectual curiosity and cultural diversity among internal audit staff. As of April 2012, 12 training sessions had been conducted as part of a first cycle; a second cycle is under preparation. The core focus for education in 2012 is refining the team’s interpersonal skills, according to Bedoret. “We have many topics to cover, including listening skills, negotiation skills, attitudes and the capacity to communicate clearly and concisely,” he says.

Direct feedback from regional and local managers throughout GDF SUEZ is what brought to light the need for internal audit staff to enhance their soft skills. Bedoret explains, “The managers said, ‘The internal auditors look professional, deploy a strong audit methodology, and make good recommendations; however, we feel their communication skills – both verbal and written – and their behavioral contact with stakeholders need improvement. We would like them to better manage briefing meetings, talk more effectively with managers, and express themselves in a more concise manner.’”

Bedoret adds, “Auditors love to produce thick audit reports – even though only a couple of pages are likely to retain top management’s attention. So they need to learn how to distill information effectively for specific audiences. Through the Internal Audit Academy and other professional development activities, we are emphasizing that the company values these types of skills as much as technical expertise. We are saying that internal auditors need to be the whole package.”

Mining talent from within

Recruiting activities have been on hold at GDF SUEZ since 2008 in order to give the company time to settle into its new organizational structure and blend the talents of the workforces of Gaz de France and SUEZ. But according to Bedoret, except for a few cases when the company had to hire externally to fill roles that required specialized expertise, finding talent for internal audit within GDF SUEZ’s sizeable workforce has not been a problem.

“At first, we thought it would be an issue,” says Bedoret. “But it has turned out to be a very good thing and has led to plenty of pleasant surprises. By looking inside the organization, we have the advantage of choosing from experts who already are familiar with the corporate culture, which makes it much easier to audit within the company. This process is also excellent for the career development of auditors.”

To make sure internal audit’s full talents are utilized by GDF SUEZ, the company has established “Internal Audit Expert Networks” that are defined by six critical business areas for the company: Governance; Health, Safety and Environment (HSE); Commodities Trading; Information Systems (IS); Fraud and Investigation; and Finance and Accounting. Through these expert networks, internal auditors work with management to develop both general audit skills and specific competencies in areas where the group is facing particular challenges.

The HSE network, for example, has a mission to cover several “domains,” including industrial safety (preventing industrial accidents and disasters) and occupational health (the prevention of risks involving the health of personnel and work-related accidents). Frameworks are defined as well – for example, HSE auditors consult GDF SUEZ’s Health and Safety Policy, Sustainable Development Policy and Environmental Charter in their work. Assignments for the HSE network range from crisis management reviews to control of environmental liabilities management.

“The idea,” Bedoret says, “is that the company may call upon these networks whenever expertise is needed to conduct audit engagements in critical business areas.” He explains internal auditors are not assigned to the Internal Audit Expert Networks; they are invited – and encouraged – to join based on their interest in specializing in a particular business area. About 12 to 15 internal auditors participate in each of the six audit networks. Each has attended specific training related to the business area and obtained professional qualifications; for instance, auditors working in the IS network have earned the Certified Information Systems Auditor (CISA) designation.

The “people review” process

To measure his team’s overall performance and determine whether they are making clear progress toward the objectives outlined in the internal audit charter, Bedoret regularly seeks direct feedback from auditees. “About one month after an audit report is issued to local management, we randomly select about 10 of the auditees and ask them to complete a two-page feedback form,” he explains. “This gives managers the opportunity to explain how they feel about the presence of auditors within their territory and to critique the auditors’ work quality and efficiency.”

Bedoret looks to his own team to provide performance feedback as well. An annual survey is sent to all 160 auditors, asking them to rate their satisfaction in several areas – from whether they feel they have the resources to prepare for audit assignments and conduct preliminary analyses satisfactorily, to whether they believe teams have the skills and training to conduct assignments well. The results are then compiled, analyzed and distributed to the team.

Additionally, the internal audit function holds “people reviews” twice a year. “These meetings are organized by me, along with the heads of internal audit from the six business lines,” says Bedoret. “Together with representatives from human resources, we scan the entire audit organization to understand our ‘state of the union.’ We assess our strengths and weaknesses in various areas and determine how talent within the function can be tapped to improve how we all work together. The atmosphere of these meetings is one of community.”

During the people review process, internal audit leadership identifies what Bedoret calls “internal mobility opportunities.” He says, “The challenge for auditors is to make better use of existing resources in the business. So what can we do to better use the existing resources of audit while also developing the talents of our team? We exchange information and people.”

Internal auditors at GDF SUEZ are asked to participate in “immersion programs,” according to Bedoret. “We ask them to move from one region to another for a certain number of weeks or months to share resources with a particular business line,” he says. “It is not mandatory that they take such an assignment, but we do encourage our auditors to embrace internal mobility as a way to develop a better understanding of each other and the organization.”

Increasing the relevance of audit work

Internal audit also enhances the value of its audits – and the knowledge of its auditing teams – by engaging business experts from throughout GDF SUEZ as “guest auditors” whenever an opportunity arises. Bedoret explains: “For example, if we have an audit engagement in Thailand that focuses on the maintenance of gas turbines, and we have an engineer in Houston who is an expert in gas turbine maintenance, we ask that expert to join the audit team on the assignment. By combining the methodology of internal audit, and the technical expertise of the guest auditor, we bring more value to local management.”

Internal audit at GDF SUEZ has been working with guest auditors for several years and arranged more than 50 such engagements in 2011. “I expect we will do many more in the future as it improves the relevance of our audits, which is one of our core objectives,” says Bedoret. “It’s a win-win deal for everyone. The guest auditors can discover another business environment and culture and exchange best practices with colleagues in other regions. The internal auditors gain business knowledge from and build relationships with expert colleagues. And the auditees benefit by having a well-organized audit engagement conducted by a professional, knowledgeable team.”

Bedoret adds, “I believe internal audit can be an excellent training ground for future business leaders in the organization because we truly cover the entire world and all the activities of GDF SUEZ. We can offer an exciting professional experience in the field as well as valuable management training. So through our interactions in the business, we try to make it clear that internal audit can be a career booster – a way to broaden one’s scope.”

How will Bedoret ultimately measure the success of his internal audit team in meeting their professional development objectives? “If some top managers were to say to me, spontaneously, ‘Xavier, your auditors are real business partners – they have made a real impact,’ I would consider that a success,” he says. “Being a business partner is an attitude. Having an impact means the message of internal audit is being heard. I believe we are on the right track.”



Company Headquarters — The Netherlands

Number of Countries Operates in — 15

Number of Employees — 8,300

Industry — Healthcare

Annual Revenues — €2.7 billion

Annual IA Operating Costs/Budget — US\$1 million – US\$5 million

Number in IA Function — 5

Number of Years IA Function Has Been in Place — 10

IA Director/CAE Reports to — Chief Financial Officer

Note: All of the above information is accurate as of 2011.

“We want talented people who can bring value to the organization right away, quickly adapt to our culture, and have the potential to grow in the company over the long term – including perhaps beyond the internal audit and finance functions.”

– Ton Teitsma

Internal audit at Mediq: A “breeding ground” for financial talent

Mediq, headquartered in Utrecht, Netherlands, delivers pharmaceuticals, medical devices and related healthcare services to patients through three channels: to patients’ homes via Mediq Direct; to professional healthcare institutions, such as hospitals and care institutions, through Mediq Institutional; and through pharmacies in the Netherlands and Poland. Founded in 1899 as a pharmacists’ cooperative, Mediq operates in 15 countries, including France, Germany and the United States, and employs approximately 8,300 people. In 2011, the publicly traded company reported net sales of around €2.7 billion.

Ton Teitsma is the corporate director of internal audit for Mediq. He reports to the company’s chief financial officer (CFO) and oversees a team of five internal auditors, including two team members based in Poland. Teitsma describes his team as “young, but experienced.” Most of his staff are in their early to mid-30s and joined Mediq after earning about six to eight years of experience working as auditors at leading accounting and professional services firms or serving in internal audit departments at other companies.

“Many of my team members have chosen to work at Mediq as their second or third career step,” says Teitsma. He says recruiting professionals at this experience level is a strategic decision. “We want talented people who can bring value to the organization right away, quickly adapt to our culture, and have the potential to grow in the company over the long term – including perhaps beyond the internal audit and finance functions,” he says.

The core mission of internal audit at Mediq is to advise executive management, including business unit leadership and the executive board, on risk and risk management issues and the level of related controls to ensure the company’s business objectives can be achieved. Teitsma says the team is always looking for ways to add even more value to Mediq by serving as business advisors – balancing their role as an independent audit function. That is a leading reason why Teitsma is working to make his department a “breeding ground for talent” – so internal audit has the bench strength to assume a more strategic role for the business whenever, and wherever in the organization, an opportunity arises. “We want people who are very business-minded and eager to learn, and who want to contribute to the business as a whole,” Teitsma says. He admits that finding well-rounded candidates with just the right combination of skills, experience and abilities can take time.

According to Teitsma, the CFO and the group controller of Mediq are involved in the selection process for key hires – not only for internal audit, but also for the entire finance function. The selection process is focused on assessing the candidate’s current abilities and potential trajectory in the organization. Teitsma says, “We are very discerning when recruiting because we want to find the best people for our team.”

At Mediq, the goal is to move an internal auditor out into the business about three years after his or her start date – although if an opportunity arises sooner, and an employee is prepared to make the move, the possibility exists for an earlier transition. “I think we’re doing good work in this regard with internal audit,” Teitsma says. “In fact, within the last two years, we were able to migrate three of our colleagues to finance and other positions within the business. Naturally, it was a bit of a challenge to get our team back into shape afterward, but over the long term, these types of changes are really for the best.”

Building stronger relationships through exchange programs

In 2011, Mediq Finance officially launched an internal exchange program, with support from Mediq’s HR team. It allows Mediq’s financial talent to collaborate, share best practices, and build skills and knowledge. “One of the advantages of being an auditor is that you’re exposed to other business units,” says Teitsma. “So we knew from the start that internal audit would be a good place for Mediq’s financial talent to gain more knowledge and experience from the Mediq organization.”

Through the exchange program, selected finance employees can take part in certain audit or review activities as part of a “joint audit” team that includes an internal auditor and a controller or finance manager from one of Mediq’s business units. Teitsma says the program generates value for everyone involved, while helping to build stronger relationships between internal audit and other parts of the company.

He goes on to say, “The internal auditors are enriched by the different perspectives of the finance colleagues and the level of questions they ask and the interest they express. The finance colleagues enjoy new experiences and gain new insights on how other business units operate. And the business units where the joint audits take place are enriched by the deep discussions that occur, and by the opportunity to exchange ideas, debate issues and benchmark each other’s operations.”

In the exchange program’s first year, five employees from the finance department participated in joint audits. In 2012, Teitsma hopes to double that number. Participating in the exchange program is optional, and Teitsma says that several employees from Mediq’s finance department have expressed an interest in participating. He adds that Mediq’s annual finance conference, which brings together about 50 to 60 employees from throughout the company, is already proving to be a source for “really interesting candidates” for future exchange program sessions.

Based on the success of the exchange program so far, Teitsma hopes to take the effort further. The focus for 2012 is to begin involving colleagues from outside the finance function in joint audits. Teitsma says, “This will help to further enrich the audit approach taken, and will help colleagues outside finance gain a better understanding of the work we do and the value that internal audit adds to the business.”

Non-audit activities rewarding for talented staff

Teitsma says he is always looking for opportunities to connect talented employees with new challenges that may not involve audit work but still deliver value to the organization.

As an example, the exchange program discussed earlier is part of a broader program for developing the competencies and skills of Mediq’s finance community. One internal auditor is among

some other employees who have been contributing to this program by helping to set up a series of “knowledge webinars” for a knowledge-sharing initiative that involves other functions at Mediq.

“The use of the webinar was really new to our company, so it turned out that my colleague actually had to set up and coordinate the webinar program, including all technical aspects relating to it,” Teitsma says. “Even though the project in and of itself had little to do with auditing, it is important for the development of Mediq’s finance community. It also has been very interesting for my team members to participate in the setup of this program.”

Another strategy for keeping talented internal auditors engaged is the use of a “lead and support role model” during the execution of audits. Teitsma explains, “Many of my colleagues worked as managers or assistant managers at audit firms, so they are interested in coaching others and leading assignments. So, for audits where we assign a team of two people, one auditor is in the lead and the other is in more of a co-supporting role. In the next audit they perform, their roles will change again. This gives them the experience of being both a leader and a supporting team member on a project.”

Candidates eager to visualize career path

In recent years, Teitsma says he has noticed a trend when interviewing potential hires for Mediq: Candidates are eager to know how the company plans to invest in their professional development and what activities they might take part in beyond their auditing duties. They also want to be able to clearly visualize their potential growth track in the organization.

Teitsma believes Mediq has an advantage when recruiting internal auditors in that the company does have success stories to point to – including the migration of three employees out of internal audit in the last two years. And he says there are other factors that make Mediq appealing to financial talent: “There are short management lines, and the board members and managers of business units are directly accessible. My audit team members are often involved in meetings with board members and managers of business units to present and discuss the scope and outcomes of our audits or other assignments. This gives them a different, broader perspective of the business’s priorities and activities – and this type of exposure contributes to the professional development of my whole team.”

To identify new financial talent outside the company, Mediq works closely with professional recruiting specialists. “We ask them to look for good candidates for internal audit, even if we aren’t hiring,” says Teitsma. “Our group controller does this for the finance function, too. Our internal audit department is too small to maintain a pipeline of talent, of course, but I am always willing to meet with interesting candidates.”

Recently, Mediq, with help from recruiters, hosted a workshop that included about 20 potential candidates. “We talked about our company and our challenges within finance and internal audit, and afterwards, had a networking session,” says Teitsma. “It was good for us to meet the candidates in person. It made us more visible to them and vice versa.”

Teitsma says he is also considering implementing an internship program in internal audit. “Finance had a similar arrangement last year with some students who were studying economics. They earned credit at university for their work and wrote a report about their experience.” He adds, “We are keen on having more interns. These are talented people who we might want to hire someday – and what is especially good is that we will already know them and they will be familiar with us.”

Teitsma believes that being conscious about cultivating the talent on his team should be a part of his “regular” job. “These types of things should be priorities for all managers,” he says. “Keeping exceptional employees feeling engaged by giving them new opportunities and challenging tasks, and the freedom to execute them, is important for their morale and personal development – and for team spirit.”



Company Headquarters — Canada
Number of Countries Operates in — 13
Number of Employees — 85,000+
Industry — Financial Services
Annual Revenues — CAD\$21,418 million
Annual IA Operating Costs/Budget — > US\$15 million
Number in IA Function — 480
Number of Years IA Function Has Been in Place — 57 years
IA Director/CAE Reports to — Chair of the Audit Committee of the Board of Directors and the Group President and Chief Executive Officer, TD Bank Group

All of the above information is accurate as of October 31, 2011.

“No one cares how much you know until they know how much you care. Our audit clients need to know that we care about their business, and the only way to achieve that is to be proactive and try to understand their issues.”

— Andrew Clarke

Resource planning and leadership development at TD Bank Group

The Toronto-Dominion Bank and its subsidiaries are known collectively as TD Bank Group (TD). Headquartered in Toronto, Canada, TD is the sixth largest bank in North America by branches, employing more than 85,000 people and serving approximately 21.5 million customers in four key businesses operating in a number of locations in key financial centers around the globe: Canadian Personal and Commercial Banking, including TD Canada Trust and TD Auto Finance Canada; Wealth and Insurance, including TD Waterhouse, an investment in TD Ameritrade, and TD Insurance; U.S. Personal and Commercial Banking, including TD Bank, America’s Most Convenient Bank, and TD Auto Finance U.S.; and Wholesale Banking, including TD Securities. TD also ranks among the world’s leading online financial services firms, with approximately 8 million online customers.

TD is unique among Canadian-based banks, with more branches in the United States than in Canada. The organization’s internal audit function is led by senior vice president and chief auditor Jeff Henderson, who reports to both the chair of the audit committee and to Ed Clark, the group president and CEO. Andrew Clarke, deputy chief auditor, and Denise DeMaio, chief auditor for TD Bank, America’s Most Convenient Bank – TD’s U.S. Personal and Commercial Banking business line – both report to Henderson. Of the 480 professionals working in the organization’s internal audit function, approximately 200 are based in the United States.

These leaders of TD’s internal audit team have three key goals: to ensure the internal audit function is seen as a reliable source of risk and control information by senior executives of the bank, as well as external regulators and auditors; to provide added value to internal business partners; and to import and export talent effectively into and around the organization.

“We have acted as a talent pool for TD for several years,” Clarke says. “This role comes naturally to us – we do it almost without thinking about it. The difference is that this year, we have added it to our list of primary internal audit goals.”

TD’s key value proposition is its dedication to customer service. “Our people deliver that customer service, so our real product is our people,” Henderson says. “Developing people and encouraging leadership underscores everything we do. We are a growth-focused organization – one of the

fastest-growing banks in North America. We are now a top-10 bank in North America and were named the Best Bank in North America by *Euromoney* magazine for the third straight year.”

Henderson continues, “TD has achieved this growth in a very risk-disciplined approach – we only take risks we understand and can manage, and we leverage a very strong culture and policies tightly aligned with our risk appetite.”

Resource planning

According to Henderson, effective leadership development can be achieved only if the entire organization is cooperating to help meet that goal. To that end, resource planning (RP) is widely practiced across TD to evaluate individuals based on business and leadership qualities, and assess their potential in terms of current and future objectives.

Senior roles in the organization are looked at in two ways – who is filling the position today, and who could step in to fill the role if that person were to leave. Even the chief auditor position has been historically filled by individuals with 10 or more years of leadership experience who have been brought into the role specifically to add a business point of view to audit and prepare for future leadership positions throughout TD.

“The RP process opens your eyes, giving you a clear view of who is in the organization now, the skill sets we have and need, and how effective succession planning should be conducted,” Clarke says. “RP also helps internal audit leadership determine who on our internal audit team we can rotate out into the business by identifying those auditors well suited for various roles throughout the bank.”

RP also helps management create specific action plans based on the assessment of individual strengths and opportunities for development. These action plans take into consideration the individual’s position on business succession plans, which include a range of potential candidates for each position. From an internal audit standpoint, this is a highly proactive method of managing talent. “RP encourages a fair bit of movement across groups,” Henderson says.

One specific area where this is put into action is between the credit risk review area of internal audit and the commercial/business banking area. This is a relationship leveraged by the business to rotate commercial and small business lenders through internal audit for a defined period with the specific objective of development. There is a clear expectation that individuals will return to the business at some point. The feedback from individuals has been excellent, and overall this has proven to be a winning approach, not only for the organization, but also for the development of its people.

Finally, RP supports external recruiting. “Many people join internal audit out of an external audit function, with an idea that internal audit is a good avenue to other financial, operational or strategic jobs in the organization,” Clarke says. “When we recruit people, we describe this process, because it promises a higher probability of active movement between business units. Audit candidates find this very attractive.”

A core aspect of culture

Since leadership development and resource planning are such core elements of TD’s culture, the internal audit team inherently understands that it needs a balance between business knowledge and audit acumen. Bringing non-auditors into the function requires a strong and transparent foundation in methodology and reporting protocols.

“Leadership development at the bank did not start with internal audit, but what is specific to our function is that when various business units need to implement change, they will reach into internal audit to look for executives to recruit – someone who can lead the charge in an operational unit,” Clarke says. “This is a reflection of our times – internal audit’s importance has escalated.”

The reporting protocols demonstrate internal audit's knowledge of the bank's business. "We are trying to illustrate that knowledge in the way we write our reports and discuss our findings," Henderson says. "We are not a policing function – we are a strategic partner to our audit clients." With this in mind, internal auditors hold monthly dashboard meetings, starting with the audit owners and working their way up the hierarchical ladder. The focus of those meetings includes not only the audit results, but also what those results mean on a "go-forward" basis. The subtext of every interaction is the auditor-auditee relationship.

"Given the depth of our operations, we strive to provide more than audit findings. We are giving our audit clients strategic, consultative advice," Clarke says.

These meetings are ongoing and separate from any specific audit, according to Clarke. In fact, one performance measurement for audit staff is the number of hours spent with audit clients outside of the audit. "If you are speaking to clients only when the audit is going on, they will view you as a policing agent," he says. "If it is an active relationship, they will view you as a trusted business advisor. During the course of the year, we spend 100 to 200 hours outside of audits with our clients."

Clarke adds, "No one cares how much you know until they know how much you care. Our audit clients need to know that we care about their business, and the only way to achieve that is to be proactive and try to understand their issues."

This dedication to spending time with clients is aided by the fact that internal audit representatives are embedded throughout the organization. "We are everywhere," DeMaio says. "We are in nearly every meeting in every function. To conduct an effective and efficient audit that the client can rely on, we have to first develop this business relationship – that is one of our core goals."

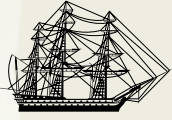
DeMaio points out that this focus on relationships also facilitates internal audit's general knowledge of TD's business. In turn, this helps to inform and shape internal audit's work – and supports the career development of audit staff. "The respect engendered from leaders in the organization – right up to the board of directors and senior executive team – speaks volumes," says DeMaio. "They all hold internal audit in such high regard. This attitude permeates the organization and increases our ability to get things done."

Key benefits of RP

According to Henderson, one of the primary advantages of this well-structured, organized and – importantly – enterprisewide focus on RP and leadership development at TD is that it encourages retention of top people. Talent tends to stay where it is recognized and rewarded.

Another benefit is that the RP process at TD helps to support the internal control environment by rotating risk, control and general business knowledge throughout the organization. "We have business segments that operate independently, but are expected to be aligned. We have an enterprise focus rather than a 'silo' focus," Henderson says.

From the perspective of an audit mission, the approach demonstrates the esteem that the organization has for the internal audit function. "We are not a necessary evil," DeMaio says. "We are a highly respected resource. The internal audit mission is fully supported."



Vanguard®

Company Headquarters — United States
Number of Countries Operates in — 11
Number of Employees — 13,000
Industry — Financial Services
Annual Revenues — Prefer not to disclose
Annual IA Operating Costs/Budget — Prefer not to disclose
Number in IA Function — 90
Number of Years IA Function Has Been in Place — 28
IA Director/CAE Reports to — Chairman of the Audit Committee

Note: All of the above information is accurate as of December 31, 2011.

“We have open dialogues about career aspirations and opportunities outside of the department. We will actually help our employees with mock job interviews for positions in other areas because we want to see them succeed.”

— Kathy Bock

A relentless focus on talent at Vanguard

Vanguard is the world’s largest mutual fund firm. The U.S.-based company’s corporate structure is unique – it is owned by the Vanguard mutual funds, which in turn are owned by shareholders. Vanguard’s divisions are aligned primarily with its four main client groups: individual investors, retirement plans, financial advisors and non-U.S. investors. The firm’s 13,000 employees are known as “crew members,” a reflection of both the company’s nautical origins and its culture that emphasizes teamwork and shared purpose. Vanguard manages approximately US\$1.8 trillion for almost 25 million clients. Though non-U.S. investors only account for about US\$100 billion of the total assets under management at present, Vanguard’s international business is growing rapidly.

Kathy Bock is the chief audit executive (CAE) and director of internal audit at Vanguard. Bock reports directly to the audit committee of the board of directors and administratively to the finance function. In turn, all of Bock’s direct reports are senior managers. The internal audit department, which today numbers 90, has doubled in size over the last seven years. During this period, it has redefined its role at Vanguard in an effort to provide more strategic value to the businesses it serves. Internal audit has shifted from a traditional, reactive focus on financial-based audits toward a more proactive risk-and-controls focus that uses a methodology based on principles rather than prescription.

The development of new methodologies and work processes was integral to internal audit’s transformation, as was working with Vanguard’s board of directors and business leaders. However, according to Bock, even more focus was placed on recruiting, developing and retaining talent for internal audit. “The success of a major change initiative like this hinges on the talent,” she says. “We spent a huge amount of time and energy improving how we go about attracting the right people and keeping them engaged. We knew that methodologies and processes weren’t the whole answer. If you want to do great audit work, you need great people doing the work.”

Vanguard’s efforts in managing talent in internal audit are visible across the three processes associated with talent – recruiting, development and retention.

Recruiting: It starts with the talent search

In an internal audit department that seeks a deeper, more rigorous and collaborative engagement with the business, auditors must have strong analytical skills and an array of softer skills in relationship management and effective communication. At Vanguard, internal audit recruiters look for all of those things

in candidates. Identifying leadership potential is perhaps even more important: Though candidates may start out as auditors, their careers may ultimately take them to leadership positions in internal audit or elsewhere within the company. In addition to the benefits for the employee, this helps Vanguard to funnel risk and control knowledge obtained in internal audit into the wider organization.

The ideal candidate for an entry-level auditor position at Vanguard is a recent college graduate with strong analytical skills, intellectual curiosity, creativity, persuasive communications skills and a comfort with debate. Internal audit hires most of its entry-level auditors through the company's accelerated development program for recent college graduates interested in pursuing careers as financial professionals. It's a structured, yearlong rotational experience in which candidates obtain experience in corporate finance, auditing and mutual fund operations.

A key consideration in relying on Vanguard's accelerated development program when recruiting is that it allows management to more easily identify leadership potential in up-and-coming professionals. Vanguard does not require every new hire for internal audit to have a degree in accounting or finance, although it does aim for at least half of the recruits to possess relevant certifications. "The other half come with more varied backgrounds," says Bock. "To us, competencies are more important than business acumen and auditing skills. If they have the baseline competencies, we know that we can teach them audit and risk management principles."

For experienced hires, the company draws from leading accounting and professional services firms, competitors, banks and regulators. As part of internal audit's transformation at Vanguard, Bock recruited a number of senior managers with varied industry experience.

The hiring process is rigorous – whether internal audit is trying to fill an entry- or senior-level position. "We are big believers in using case studies and behavioral-based interviews," says Bock. "We use those to get beyond the technical skills and the information on the resume."

Development: Grooming and motivating talent for success

Vanguard has an array of development programs for its crew members at the corporate level, and also has created programs specifically for grooming and motivating the internal audit team.

Training and development programs focus on the specific developmental needs of auditors, including technical knowledge, such as regulations; classic audit knowledge, with a focus on methodology; and finally, what Bock calls the "softer side of audit" – the ability to create and maintain the relationship management component of the role. Training is frequently delivered by leadership team members who serve as adjunct faculty only after they have completed an intense "train the trainer" curriculum.

To develop the programs, the internal audit team's professional practices group works closely with other Vanguard experts in human resources, Vanguard's talent acquisition and development and leadership development groups, and the company's corporate training entity, Vanguard University. The internal audit leadership team began conducting an annual weeklong training program for the department's auditors three years ago. Although the weeklong training encompasses an array of topics, there is always a theme that traverses the curriculum. The first program focused on technical audit topics. Last year, the emphasis was on relationship skills. This year, the focus will be on industry perspectives.

Two other developmental opportunities invite Vanguard's crew members to build and demonstrate critical competencies:

- **Team Talks** – biweekly sessions in which junior auditors set the agenda and give presentations.
- **Methodology User Group** – a group of highly experienced auditors who gather to debate elements of the audit methodology, formulate recommendations for improvement, and present suggested changes to senior management.

Experiential learning is a key element of talent development. “Approach/Pre-Close Sessions” and “Peer Reviews” offer additional opportunities for professional growth of internal auditors at Vanguard. In the Approach/Pre-Close Sessions, audit members are given the chance to present their audit plan or draft report to the audit senior management team. A leader is selected to guide the discussion in this session, giving the presenting audit team real-time feedback on their plan and/or conclusions based on the work performed. In the Peer Review, which takes place once audits are closed, auditors who were not involved with the audit conduct a thorough quality assessment of the work and findings, allowing teams to share best practices and approaches in audit work.

Retention: Keeping talent engaged – and looking to the future

After making such a considerable investment in hiring and developing people, it makes sense that internal audit also makes an extra effort to retain talent for Vanguard. Internal audit leaders actively encourage career rotations for their crew, even if those moves may take individuals away from internal audit and into other areas of Vanguard.

“This may sound unusual, but we proactively plan for turnover,” Bock says. “We encourage crew members to provide plenty of advance notice of their desire to leave the team. We have open dialogues about career aspirations and opportunities outside of the department. We will actually help our employees with mock job interviews for positions in other areas because we want to see them succeed. The candor about career aspirations also allows us to plan for succession, effectively transfer critical knowledge before rotation and minimize vacancies that can delay completion of audits.”

Vanguard cares about individual job satisfaction and monitors it through a variety of means, including routine surveys, one-on-one meetings with direct managers and skip-level meetings between a crew member and his or her boss’s boss. In the last few years, as Vanguard has adopted engagement as a measure of performance, internal audit also has embraced these principles.

“We know that engagement is defined as the degree to which employees are involved and enthusiastic about their work and that people are engaged when they are in roles that use their talents appropriately. In turn, they become emotionally committed to their work and are always looking for new and different ways to achieve business outcomes. Research shows us that this drives productivity, loyalty, performance and overall satisfaction with an employer,” Bock says.

Vanguard partners with Gallup, Inc., to conduct an annual engagement survey of the crew to solicit honest feedback on work-related topics. Crew and management then participate in follow-up sessions to influence positive change within workgroups and across the organization.

“Every day is a 360’ is our leadership mantra. We welcome feedback from the crew,” says Bock. “Mostly, it has shown us that the crew members are glad to be here and are fully engaged in their work. But when we see an opportunity to improve our own performance as leaders or enhance the work experience for our crew members, we have taken action.”

Since the internal audit team at Vanguard began measuring “unplanned” turnover five years ago, they have met the goal of keeping this type of employee loss to less than 2 percent in each year. It is one measure of the success of the department’s talent strategies, but perhaps more telling is what people have to say about the internal audit team and its work.

“We increasingly hear from recruiting firms and candidates for hire that Vanguard’s internal audit team has an excellent reputation,” Bock says. “One highly experienced leader who recently joined Vanguard’s internal audit team told us that this is the most engaged and enthusiastic audit team she has ever met. The ultimate measure of success of our talent strategies is in the quality of our work and the impact it has on Vanguard.”

About Protiviti

Protiviti (www.protiviti.com) is a global consulting firm that helps companies solve problems in finance, technology, operations, governance, risk and internal audit. Through our network of more than 70 offices in over 20 countries, we have served more than 35 percent of FORTUNE® 1000 and Global 500 companies. We also work with smaller, growing companies, including those looking to go public, as well as with government agencies.

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Internal Audit and Financial Controls

We work with audit executives, management and audit committees at companies of virtually any size, public or private, to assist them with their internal audit activities. This can include starting and running the activity for them on a fully outsourced basis or working with an existing internal audit function to supplement their team when they lack adequate staff or skills. Protiviti professionals have assisted hundreds of companies in establishing first-year Sarbanes-Oxley compliance programs as well as ongoing compliance. We help organizations transition to a process-based approach for financial control compliance, identifying effective ways to appropriately reduce effort through better risk assessment, scoping and use of technology, thus reducing the cost of compliance. Reporting directly to the board, audit committee or management, as desired, we have completed hundreds of discrete, focused financial and internal control reviews and control investigations, either as part of a formal internal audit activity or apart from it.

One of the key features about Protiviti is that we are not an audit/accounting firm, thus there is never an independence issue in the work we do for clients. Protiviti is able to use all of our consultants to work on internal audit projects – this allows us at any time to bring in our best experts in various functional and process areas. In addition, Protiviti can conduct an independent review of a company's internal audit function – such a review is called for every five years under standards from The Institute of Internal Auditors. Among the services we provide are:

- Internal Audit Outsourcing and Co-Sourcing
- Financial Control and Sarbanes-Oxley Compliance
- Internal Audit Quality Assurance Reviews and Transformation
- Audit Committee Advisory

For more information about Protiviti's Internal Audit and Financial Controls solutions, please contact:

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- **2011 IT Audit Benchmarking Survey**
- **Board Risk Oversight – A Progress Report (from COSO and Protiviti): Where Boards of Directors Currently Stand in Executing Their Risk Oversight Responsibilities**
- **Internal Audit’s Role in Cloud Computing**
- **FS Insights** – “Setting the 2012 Audit Committee Agenda for Financial Institutions”
- **The Bulletin** – “Setting the 2012 Audit Committee Agenda for Non-Financial Services Companies”
- **Guide to Internal Audit: Frequently Asked Questions About Developing and Maintaining an Effective Internal Audit Function** (Second Edition)
- **Guide to International Financial Reporting Standards: Frequently Asked Questions** (Second Edition)
- **Guide to the Sarbanes-Oxley Act: Internal Control Reporting Requirements** (Fourth Edition)
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- **Internal Auditing Around the World** (Volumes 1-7)
- **Powerful Insights (Protiviti’s podcast series)**
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 - Internal Audit Quality Assessment Reviews – Required as well as Beneficial
 - Sarbanes-Oxley Compliance: Where U.S.-listed Companies Stand Today
 - Technology-Enabled Audits – Increasing Productivity and Delivering More Timely and Reliable Results
 - The Benefits of Outsourcing the Internal Audit Function
 - COSO Issues Exposure Draft for Updated Internal Control – Integrated Framework
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 - Social Media Use in Companies – Managing the Risks Effectively
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Powerful Tools for Business Risk & Internal Audit

KnowledgeLeaderSM is a subscription-based website that provides information, tools, templates and resources to help internal auditors, risk managers and compliance professionals save time, stay up to date and manage business risk more effectively. The content is focused on business risk, technology risk and internal audit. The tools and resources available on KnowledgeLeader include:

- **Audit Programs** – A wide variety of sample internal audit and IT function audit work programs are available on KnowledgeLeader. These work programs, along with the other tools listed below, are all provided in downloadable versions so they can be repurposed for use in your organization.
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- **Articles and Other Publications** – Informative articles, survey reports, newsletters and booklets produced by Protiviti and other parties (including *Compliance Week* and Auerbach) about business and technology risks, internal audit and finance.
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Key topics covered by KnowledgeLeader:

- Audit Committee and Board
- Business Continuity Management
- Control Self-Assessment
- Corporate Governance
- COSO
- Fraud and Ethics
- IFRS
- Internal Audit
- IT Audit
- IT Governance
- Sarbanes-Oxley

KnowledgeLeader also has an expanding library of methodologies and models – including the robust Protiviti Risk ModelSM, a process-oriented version of the Capability Maturity Model, the Six Elements of Infrastructure Model, and the Sarbanes-Oxley 404 Service Delivery Model.

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To learn more, sign up for a complimentary 30-day trial by visiting www.knowledgeleader.com. Protiviti clients and alumni, and members of The IIA, ISACA and AHIA, are eligible for a subscription discount. Additional discounts are provided to groups of five or more.

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