Hardware, soft skills

Alison Smith, audit and risk management director of DIY group Kingfisher, on why communication is a crucial tool of the trade.
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The impartial view | built on culture

“The International Standards are clear in defining independence and objectivity as the ability to fulfil our internal audit responsibilities in unbiased conditions and with an unbiased attitude.”

Ian Peters, chief executive of the IIA

One of the increasingly important dimensions to the debate about the role, status and influence of internal audit centres on our independence and objectivity.

An important contribution on the subject has come from the Basel Committee on Banking Supervision. This year it has updated its principles for internal audit in banks. The first two of the 20 principles relate to the need for independence and objectivity for effective internal audit. There is nothing new in this, but the Basel principles do go on to acknowledge that achieving the necessary level of independence and objectivity requires that internal audit has sufficient standing and authority in any given bank.

Basel’s stance is consistent with what our own International Standards say on the subject. These are very clear in defining independence and objectivity as the ability to fulfil our internal audit responsibilities in unbiased conditions and with an unbiased attitude. Boards, audit committees and heads of audit are, however, left to make their own judgments on how they interpret and apply these principles in their own organisations.

One size does not fit all when it comes to the management of risk – and the same is true with independence and objectivity.

Evidence of this can be seen, for example, in discussions I have had within our Internal Audit Leaders’ Forum. Many members of this group place more emphasis on their objectivity than on their independence. They point out that independence has to be balanced with the need for close relationships with executives, but that this closeness doesn’t affect their objectivity. Indeed, such proximity in their executive relationships is crucial to the development of the necessary level of trust and mutual understanding, to support and promote a culture of transparency and continuous improvement in managing risk.

The extent to which the culture of an organisation encourages challenge and promotes continuous improvement can have a significant impact on the search for that fine balance between independence and strength of relationship to the board and audit committee. We have also been emphasising the importance of strong, independent reporting lines in our recent discussions among the stakeholders involved in creating new guidance on internal audit to support the application of the International Standards in government.

To sum up, it’s all about culture. Again. This was a key point in my piece in the September/October issue of Audit & Risk. On that occasion I was talking specifically about the Libor scandal in the banking industry and the fact that this was symptomatic of the banks’ need to address issues of culture. This time my point is a more general one: if the culture of any given organisation promotes challenge, independent thinking and continuous improvement, the result will be the appropriate standing for internal audit to facilitate independence and objectivity.

Boards that recognise this will gain a significant benefit from internal audit in: supporting their understanding of the nature of the risks in their businesses; providing keen eyes and ears to monitor the effectiveness of risk management across their organisations; and supporting the improvement of governance processes.

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Professional identity | vive la différence

“The next time you hear internal auditing referred to as an ‘accounting speciality’, please help to set the record straight. We are a unique and distinct profession”

Richard Chambers, president and CEO of IIA Global.

On my recent global travels I was struck by how often I had to clarify for journalists and local regulators that internal auditors aren’t necessarily accountants. I suspect that, sooner or later, we all encounter the festering myth that internal audit is just another accounting function. In some ways I can see the confusion: after all, external auditors are called “public accountants”. But internal audit is different and it’s time that we set the record straight: we aren’t an extension of the accounting function and we aren’t accountants. Let me add, for good measure, that it’s also untrue that internal and external auditors “do the same work, but for different bosses”.

Clear enough? I hope so. But in case you run into someone who’s yet to be convinced, here are the facts: only 21 per cent of internal audit plans globally are dedicated to finance-related risks. Surveys show that fewer than half of internal auditors hold accounting degrees – a proportion that continues to decline. While about 70 per cent of us have a business degree, there are thousands of highly qualified internal auditors with backgrounds in compliance, fraud prevention, healthcare, IT and scores of other specialisms unrelated to accounting. Our profession is more diverse than most people realise and we are becoming still more diverse with each passing year.

It’s not that there’s anything wrong with having a background in finance – I hold an accounting degree myself and greatly appreciate what it taught me. But internal audit is a much broader discipline than finance and there are times when other skills are needed. During a particularly difficult construction audit at a nuclear power plant, for example, a strong accounting background might be wholly inadequate in offering reasonable assurance on health and safety.

Attempts to compartmentalise internal auditors as a subset of the accounting profession don’t appear to accept the fact that many internal audits are entirely unrelated to finance. It shouldn’t be surprising that those recruiting internal auditors are seeking analytical, communication and IT skills more often than accounting skills these days.

In part, the trend is only a natural rebalancing based on the current business environment. A decade ago many internal audit groups were deluged with special projects relating to Sarbanes-Oxley and other accounting regulations. Financial risks took up a larger portion of our time and resources than they do today, so internal audit departments “staffed up” with recruits from the accounting profession. But today audit plans and schedules are more balanced than they have been for a decade and, in general, the trend is shifting back towards hiring for skills other than accounting. An accounting background will always be an asset to an internal auditor, but it is no longer part of the price of admission to our profession.

It’s likely that the trend away from recruiting for accounting skills will continue throughout the rest of this decade, as staffing continues shifting to meet new demands. In a recent survey by PwC, our stakeholders indicated that the key risks receiving too little attention from internal audit included issues such as recruitment, competition and the introduction of new products. These are important risks from much more than an accounting standpoint, and internal audit teams for new product introductions might easily involve specialists with backgrounds in engineering, marketing or a host of other non-accounting fields.

It’s true that at some point in their careers many internal auditors will review work done by accountants. But so will CEOs, directors, managers and various other stakeholders, none of whose jobs are considered to be accounting specialities. There simply is no good reason to consider internal auditing to be a subset of the accounting profession, any more than any of these other fields should be considered accounting. So, the next time you hear internal auditing referred to as an “accounting speciality”, please help to set the record straight. We are a unique and distinct profession and, as the late Bill Bishop, former president of IIA Global, used to say: “We are proud to be internal auditors.”

For further information Richard Chambers writes a blog at www.theiia.org/blogs/chambers and tweets at www.twitter.com/rfchambers
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“Our big challenge for 2013 will be to provide enough assurance, as there’s so much ground to cover. I focus on cross-cutting risks where we seek to maximise the assurance ‘bang for our buck’.”

John Zain Chesshire, head of internal audit for the States of Guernsey in the Channel Islands.

When I started my current job at the States of Guernsey in late 2010, my remit was to set up an internal audit function from scratch, which was a tremendous opportunity. The previous in-house internal audit team had drifted off several years before and the service had then been outsourced. But there was a feeling that the function could and should be providing greater value.

It is a fascinating and genuinely unique role. The States of Guernsey has 6,000 employees in 11 departments and a mix of central and local government functions ranging from health – our hospital is the subject of an ITV1 documentary series at the moment – to harbour management. We face a whole range of strategic risks concerning issues such as fuel, utilities and flood defences, plus the legal, financial, personnel, change and data risks that all organisations face. Like many organisations at the moment, we are going through a cost-saving programme, which brings its own pressures, challenges and risks. We also have further progress to make in our governance, risk and control practices. As such, I spend a fair proportion of my personal time answering requests for advice and helping to improve our ability here.

I find that we can add real value to senior stakeholders by wearing more than one hat. That is common in small organisations, but occasionally flies in the face of more straitjacketed approaches elsewhere. HIAs in small or resource-strapped organisations don’t have the luxury to be quite so purist as their colleagues elsewhere. Our key products are assurance reports and the associated recommendations, but we also provide a range of advisory services.

Our big challenge for 2013 will be to provide enough assurance, as there’s so much ground to cover. When compiling my 2012 plan, I had three years’ worth of activity that I wanted to review. I try to focus on cross-cutting risks where we seek to maximise the assurance “bang for our buck”. Counter-fraud activity will also be a theme throughout much of our work and we will take the opportunity in much of our audit portfolio to assess our vulnerability to fraud and seek to tighten up in any area where room for improvement is identified.

I plan to spend as much time as possible helping the organisation to improve its strategic risk management and also providing assurance on “basic” internal controls to assess whether they are valid or need to be enhanced. Historically, the States of Guernsey has had a decentralised approach to management, which means that practices vary from department to department. I see a key part of my job as helping to improve consistency wherever it’s beneficial to do so.

I’ve worked in a wide range of roles in different types of organisation, and I would certainly advise internal auditors to gain as much varied experience as possible. I’d also recommend secondments between internal audit and the business, as it helps to keep you fresh. For example, I spent two years at GCHQ as head of business improvement and governance. That posed different challenges from those of my jobs in internal audit, albeit in a related area. I also worked on a project with the National School of Government in northern Iraq that aimed to enhance governance, risk management and assurance in the Kurdish region. When I joined the profession, I never imagined I’d be heading off to do internal audit work with deputy ministers in Iraq.

I think there is a danger in staying in one organisation or one role for too long: you can become institutionalised and grow complacent. There is rarely a single way of doing anything right, and exposure to diverse environments, different people, organisations and challenges will help you to deliver a more effective internal audit service.

ABOUT THE AUTHOR

John Zain Chesshire CFIIA works for the institute as a tutor, facilitator and moderator on various professional qualification programmes.

“There is a danger in staying in one organisation or one role for too long: you can become institutionalised”
Financial services feel compliance burden

UK financial services executives have reported that the proportion of working time they spend dealing with regulatory change has risen to 18 per cent, representing almost one day a week.

Senior managers surveyed by financial services recruiter Robert Half said that the amount of their time taken up by managing regulatory change had increased considerably, with 59 per cent of chief operating officers and chief financial officers reporting that they were spending either “more” or “significantly more” time each week on compliance matters than they did three years ago.

But they are also facing the challenge of keeping abreast of all the developments without strong support from their teams. Nearly 40 per cent of the CFOs and COOs said that their departments were either “not very” or “not at all” knowledgeable about the changes to the industry’s regulatory landscape.

Furthermore, the research found that firms’ UK operations were less knowledgeable than some of their global counterparts: 89 per cent of CFOs and COOs in Hong Kong said that their teams were “somewhat” or “very” knowledgeable, followed by 82 per cent of peers in Germany and 70 per cent in Singapore.

We round up the latest business and regulatory news to affect the internal audit profession.

Review finds fault with Whitehall procurement

Some government departments are still paying more than they need to for basic resources such as stationery and energy, according to the TaxPayers’ Alliance.

The right-leaning pressure group’s analysis of procurement costs, based on Whitehall’s own spending data, found that in Q4 2011 the Department for Business, Innovation and Skills (Bis) spent the most on a standard box of A4 paper: £12.43 per 2,500 sheets. This was nearly 40 per cent more than the £8.93 paid by the best-performing department, the Department of Health (DoH). Most other departments paid over £2 more than the DoH’s price. Bis also paid the most for energy, forking out an average of £110 per MWh, whereas the Ministry of Defence paid only £34.

Differences in departments’ basic spending were identified by Sir Philip Green as long ago as October 2010. His procurement review revealed that the government was wasting billions of pounds through inefficient commodity purchasing and property use.

To read the research report, visit bit.ly/QV5SGs

BYOD COMPLIANCE APPLICATION RELEASED

Cloud application auditing and security firm SaaSID has announced that its Cloud Application Manager software – a browser plug-in that allows CIOs to manage and audit the use of corporate applications accessed via a browser in line with bring-your-own-device (BYOD) strategies – is now available from Apple’s App Store.

For more details, see www.saasid.com

COSO ISSUES PAPER ON CLOUD RISKS

The Committee of Sponsoring Organisations of the Treadway Commission (Coso) has published a new thought paper entitled “Enterprise risk management for cloud computing” in response to the growing number of organisations using cloud computing to store data.

To download the paper, go to bit.ly/KzFaBS

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Differences in departments’ basic spending were identified by Sir Philip Green as long ago as October 2010. His procurement review revealed that
Bis plans legislation on top-pay reporting

The Department for Business, Innovation and Skills (Bis) is preparing new regulations for the content of directors’ remuneration reports.

It has proposed that the directors’ remuneration report should contain two distinct parts: a policy report (to be produced only when there is a shareholder vote), which sets out all elements of a company’s remuneration policy; and an annual report on how the policy was implemented in the preceding financial year, setting out actual payments to directors and details about the link between the company’s performance and their pay.

The regulations are expected to take effect in October 2013.

Research challenges audit committees’ independence

Investors have called into question the independence of audit committees from their companies’ management teams and are pressing for external auditors to review the “aggressiveness” of firms’ financial statements.

Only 26 per cent of investors questioned in a PwC survey agreed that audit committees were sufficiently independent of management, while 39 per cent disagreed. Respondents also raised concerns that key numbers reported by companies – eg, same-store sales and revenues per unit – do not require an audit review.

Over half said preliminary statements should be audited, while there were also calls for more information on how aggressive management teams have been when applying judgment and accounting policies in financial statements.

Richard Sexton, deputy global assurance leader at PwC, said: “Investors have strong views about the future of reporting. We ignore those views at our peril, but they need to be put alongside other stakeholders’ positions.”

To read the research report, visit pwc.to/Ub8gHQ

Council chiefs: “All local services could be outsourced”

More than a third of council leaders and CEOs in England believe that all local public services could be outsourced to alternative providers, according to a survey.

In a poll of council chiefs, conducted by think-tank Localis and consultancy Capita Symonds, 28 out of 73 respondents said that all services could be contracted out.

The research report, “Catalyst councils”, argues that the traditional model of council provision – under which local authorities provide all services, from waste collection to road maintenance and social care – could be replaced by more partnerships with the private and voluntary sectors. But it warns that a lack of local commissioning skills remain a barrier to innovation.

Oliver Letwin, minister of state for government policy, welcomed the report. Speaking at its launch, he said: “I suspect that, 15 or 20 years from now, we will find a Britain in which people can’t imagine how things used to be so centralised and so dominated by one model of delivery.”

The “Catalyst councils” report can be found at bit.ly/R0XiZc
Ernst & Young’s 2012 “The future of internal audit is now” survey provides a snapshot of the function’s developing role around the world. Respondents included chief audit executives and board members in organisations in a range of sectors and industries.

Where should improvements be made?

1. Enhance the risk assessment process.
2. Refine the function’s ability to monitor emerging risks.
3. Become more relevant to achieving the organisation’s business objectives.
4. Reduce overall internal audit costs without compromising risk coverage.
5. Identify further opportunities for cost savings in the business.

75% of respondents believe that:
- Strong risk management has a positive impact on their organisations’ long-term earnings performance.
- Their internal audit function has a positive impact on their overall risk management efforts.

80% say that their internal audit function has room for improvement.
What’s in your audit plan

Internal audit risk assessments, regulatory requirements and enterprise risk remain the top three drivers of audit plans, which focus on a range of business and technology issues:

- 13% Finance
- 14% Regulation
- 15% Compliance
- 18% Technology
- 19% Strategy
- 21% Operations

A more prominent role

Internal audit is making a bigger contribution in some areas:

- 49% of respondents cited the function’s growing involvement in major capital projects.
- 42% cited IT systems implementations.
- 37% cited mergers and acquisitions.
- 32% cited material contracts.

CPD – developing the right skills

In which areas does internal audit have a defined competency plan for professional development?

- 58% of respondents cited technical internal audit skills.
- 54% cited general business or industry acumen.
- 47% cited business management or leadership.
- 8% of respondents said there was no defined competency plan.

To view Ernst & Young’s full research report, go to bit.ly/TvleUW
Aiming high

We catch up with the new president of the IIA, Nicola Rimmer, to find out what experience, qualities and passions she brings to the role.

If anyone can relate to the challenges of the institute’s membership, it is the incoming president, Nicola Rimmer CFIIA. Having worked her way up the career ladder over 14 years, Rimmer has a CV that runs the gamut of the profession – from her early days studying for the IIA’s qualifications to becoming a head of internal audit to assuming her current role as audit manager at Friends Life.

“I’ve also been active at all levels of the institute during my career, having organised events at district level; taken part in national committees and working groups; and had a place on council for the past five years,” she says. “It all helps me to understand not only the challenges that members face in their day-to-day work, but also those of the IIA in promoting itself and the profession as a whole.”

A learning journey

“One of my key interests at the moment is how different internal audit departments operate and what good internal audit processes look like,” Rimmer says. “Part of my job at Friends Life is to look at methodology and how we keep up with best practice, as well as being involved with quality assessments and reporting, so it’s something I’m always keen to explore further.”

So much so, in fact, that Rimmer is pursuing a PhD on the subject, examining the role and purpose of internal audit and comparing internal audit functions in financial and non-financial service organisations. “This, again, should help me to engage with members and potential members,” she says. “And I look forward to engaging with key stakeholders to demonstrate the value of the profession,” she says. “It will also be great to get out and meet the members, learning from them, exchanging ideas and working with them to promote the profession. But I also look forward to meeting professionals who are not yet members of the institute and bringing them into the fold.”

This advocacy work is a key part of the IIA’s strategy, which Rimmer is keen to support closely. It’s a challenge that she is passionate about. “It’s a great time to be in internal audit – our profile is high and the demands on us are increasing, as is the recognition of our value,” she says.

Rimmer also believes that the IIA’s qualifications and its training and development courses are essential in equipping professionals to satisfy these growing demands.

“As we move further away from providing just assurance into the position of trusted adviser, non-executive directors will want even deeper insights from us and they will require us to have better knowledge about the business,” she says. “What’s great about internal audit as a profession is that you can take people’s existing business expertise and knowledge, and then overlay that with internal audit experience. That’s exactly how I entered the profession: I used to work in the business as an underwriter, but when I took the internal audit qualifications it gave me the corporate governance, control and risk understanding to use that business knowledge and be a good internal auditor.

“In the future we’ll see this type of thing happen more and more, as people enter the profession with a greater mix of skills.”
IIA Advantage

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**Home advantage**

With 61 people in her department, across nine operating units and six countries in Europe and Asia, it’s unsurprising that Alison Smith, group audit and risk management director at Kingfisher, sees people management skills as central to her role. But she also believes them to be fundamental to successful internal audit.

Words: Alice Hoey Photographs: David Short

“Like anyone responsible for a team of this size, I am very reliant on the people working for me, especially those managing the various internal audit and risk assessment teams that make up this department globally," Smith says. “It’s essential that I get to know those people as well as I possibly can. I need to understand what their issues and problems are and then help them to develop the skills and tools they need to deal with them.”

She adds that, although the people side of her job can be very challenging, it is also one of the most rewarding. “It’s a great feeling when you receive positive feedback or when you see people you have supported go on to make progress in their careers.”

**On the job training**

Although managing people has been such a central part of her job, Smith was, like many
“It has always been essential in internal audit to have ‘softer’ skills, such as good relationship building.”
internal auditors, plunged in at the deep end without any formal training. “When you’re starting out and are given your first opportunity to manage a team, it hits you that you suddenly have this big responsibility,” she recalls. “While I have had lots of help and support during my career, there is still a lot to learn as you go along.”

After qualifying as a chartered accountant at KPMG, Smith received a solid grounding as an internal auditor at Allied Domecq. After about five years with the drinks company, she got her first big break into internal audit management at Argos. She stayed for another five years, first as an internal audit manager and then as head of audit, before an opportunity came up at Exel Logistics, then the largest logistics operation in Europe and now part of DHL.

“Sarah Blackburn – at that time head of audit and assurance at Exel and a past president of the IIA – was looking for an audit development manager to build the right team and methodology for the company,” she says. When Blackburn moved on, Smith filled her shoes, becoming head of audit and getting her first stab at managing a global team. It was, she says, probably the most influential stage of her career, enabling her to travel internationally and opening the door to senior roles at Tate & Lyle and, ultimately, Kingfisher.

“That was a great opportunity for me, especially on the people management side,” Smith says. “I found managing teams from different countries and cultures, all of which would respond in different ways, both fun and a real challenge.”

“Soft” foundations
Looking back over her career, Smith doesn’t think the profession’s need for these core interpersonal skills has changed.

“It has always been essential in internal audit to have ‘softer’ skills, such as good relationship building and communication – and I don’t think that will ever change.”

“A big part of the job of our risk assessment team is sitting down with people, listening and understanding their views, and then helping them to articulate what they see as the key risks”

When Smith interviews people for jobs in her department, it is these skills – or the potential lack of them – that she is most alert to in a candidate.

“I ask myself whether I would like to be audited by this person,” she says. “Would I be happy to put them in front of the company’s IT director or the marketing director? If someone isn’t equipped with great interpersonal skills and is not able to build good working relationships with their boss, the finance director, the board, the audit committee and key managers, I don’t think they are capable of doing an effective job.”

Even in the risk assessment elements of Kingfisher’s activities, Smith rates the importance of interpersonal skills highly.

“A big part of the job of our risk assessment team is sitting down with people, listening and understanding their views, and then..."
helping them to articulate what they see as the key risks,” she says. “They have to be able to deal with people diplomatically, develop relationships with them and also challenge and question their views constructively.”

Although the need for great interpersonal skills may have remained constant in the profession, Smith has observed significant changes. Foremost among them is a shift in thinking about the skills and experience required to meet the needs of organisations such as Kingfisher.

“Over the years people have realised that a team needs a mix of skills and experience. While finance skills are still valid, so are those in other areas such as commerce and business. At Kingfisher, for example, we have brought a commercial audit manager on board to help develop our commercial skills,” she says, adding that there is scope to broaden the knowledge of her internal audit function further over the coming years. “I would like to see more people come into internal audit from the business for a few years – from the buying team or store operations, for example – to work for us and then go back into the business to progress their careers.”

**Extend and improve**

With that in mind, CPD is something to which Kingfisher is firmly committed and an area that Smith is keen to develop as group audit and risk management director. “When I joined the company, the internal audit teams in the operating companies and risk assessment team weren’t really working as a single unit,” she says. “I wanted to get them to work more closely and under a common methodology.”

Part of that is finding ways to develop further as a whole team, rather than each of the operating companies following separate development programmes. “We’ve identified the key competencies that we all share, the six things that we all need to excel at, and we’ll use this insight to drive a programme of training and development activities across the whole team, to add to the work already under way at a local level.”

Raising the level of understanding and staying abreast of current issues will be essential if Smith’s team is to help Kingfisher achieve its overriding aim: “to deliver faster growth and higher returns by working together to become the world’s expert at making home improvement easier for customers”.

“Internal audit has a key role in helping the business to do that, so we need to ensure that we deliver the best service possible,” she says. “That will mean taking on board the issues that are of growing importance to the business, such as sustainability, innovation and building our common brands. Sustainability in particular is a relatively new area for internal audit, so it will require certain skills that we haven’t needed before.”

The challenge ahead for Smith is to ensure that her team can meet the changing needs of the business, while also challenging the organisation where necessary in those new areas of interest. “And, while we address these emerging issues, we need to make sure that we continue to conduct the right level of work in the more traditional areas of internal audit,” she stresses.

“We also need to understand that it’s a difficult period for retail organisations, so it’s essential that we prioritise our work and are seen to be adding real value.”

With the wealth of experience and expertise in her profession, Smith says that there’s a valuable informal network that she can call on for support.

“There are many people I can ring up if I have an issue who will share their experiences and opinions, regardless of whether we are competitors or are in different industries,” she says. “It’s important that we harness that network.”

She also believes that the profession, having missed several chances to raise its profile, could be bolder in promoting itself.

“When I look back, I can think of a number of occasions – such as when the Cadbury report on corporate governance came out in 1992 – when everyone said this would be the time internal audit made a name for itself,” Smith says. “There is only going to be more legislation – and it’s important that internal audit has a seat at the table and a stronger voice as we move forward.”
n the past four years the roll-call of retail casualties has included a bewildering number of familiar names, from Allied Carpets, Barratts, Borders, Clinton Cards and Focus DIY to Habitat, Oddbins, Principles, Sofa Workshop and Woolworths.

The outlook still isn’t encouraging. According to the Centre for Retail Research, 35 mid-sized to large retailers went into administration in the first half of 2012. Only 2009 was worse: 37 similarly sized retailers went to the wall – although that was during the course of the whole year. It seems that 2012 could mark a new nadir.

But, while it should look like carnage in the high street, that’s not the whole picture. Some retailers are thriving. Inditex, owner of Zara, has seen its sales rise 17 per cent year on year. Online fashion retailer Asos posted a 15 per cent increase. Dixons is up seven per cent. Sports Direct thrived during the UK’s summer of sport, rising 25 per cent. Signet Jewelers, which owns H Samuel and Ernest Jones, reported that its sales were up by seven per cent in Q2. And the John Lewis Partnership announced that in the first half of 2012 its profits had rocketed by 59.8 per cent.

Clearly, British retail can still perform. What’s determining the successes and failures?

Trouble in store

With failures mounting and more challenges ahead, these are difficult times for retail. What’s causing the pain and how can internal audit help to safeguard the future of this essential, yet embattled, sector?

Words: Wilma Tulloch

73% of respondents to an E&Y retail survey were actively cutting costs

The trouble with cost
Consultancy Ernst & Young has compiled a list of the top ten risks facing the industry. Unsurprisingly, low demand growth tops the chart.

Retailers’ inability to control costs and rising prices also ranks highly. Les Krepa, head of internal audit and risk at Signet UK, is familiar with the pressure that commodity cost inflation brings to retailers. Signet operates 522 jewellery shops in the UK (plus 1,323 stores in the US). In Krepa’s world, the price of gold is a big issue, since its cost has risen considerably in recent years. At the time of writing, gold is trading at $1,771 an ounce. Ten years ago it was $323.

It also stands to reason that, in a low-margin environment, cost has a big impact on profits. E&Y found that 73 per cent of its retail respondents were cutting their sales, general and administrative costs, while 11 per cent had targeted the cost of goods and services.

“What you don’t want to do is carry a big overhead that is disproportionate to what the
“There are retailers out there that are wondering if they can even trade over Christmas... Cash management is key”

retail operation is generating,” notes Krepa, who is also chairman of the Retail Audit Group – a forum for auditors working in retail that regularly discusses common issues.

“Where auditors can help in this environment is in not going against that grain,” Krepa says. Internal auditors need to help their organisations “declutter,” he explains. But don’t streamline at the expense of not managing big risks properly. “What we need is an appropriate control environment,” he stresses.

Asif Bhatti, head of internal audit and risk management at John Lewis, prefers to talk about efficiency, rather than cost. He recognises his good fortune in working under the business’s partnership model. “We don’t have shareholders, so we haven’t been forced to cut overheads to pay dividends,” he notes. That said, he believes that in the current climate auditors do have to seek any opportunity to drive efficiency, even if sometimes you have to invest first. He points out: “You might want to build a new shared services centre that costs you £50m, but over the next ten years that saves you £200m.”

Bhatti is also concerned about cash. While John Lewis is not in this category, he observes that liquidity is a big risk for many retailers right now. “Fundamentally, there are retailers out there that are wondering if they can even trade over Christmas, because you have to ramp up your stock and there are costs associated with that,” he says. “Cash management is key.”

Indeed, Christmas is almost frighteningly important to retailers. Signet makes about 70 per cent of its sales in the Christmas period, as do John Lewis and many others.

“If you don’t get your product selection and marketing right, and you don’t get that footfall, you’re in big trouble,” Bhatti says. The sober truth is that many retailers don’t make a profit all year long until Christmas, so cash management, stock selection and stock control are crucial at this time of year.

The final issue of cost concerns bricks and mortar. Are retailers operating too many stores? Five years from now, how many will be all but redundant as consumers move online?

“There are massive costs associated with property,” Bhatti says. “There are 20-year leases, plus staff salaries and depreciation charges. We have seen the pace of growth of online shopping. At what point does it begin to cannibalise sales in shops? Managing your property portfolio is a huge issue right now.”

He notes that some of the biggest players, such as Tesco and Sainsbury’s have stopped building large stores.

The rise of omni-channel

The other marked characteristic of the retail industry is the frenetic pace of change. Retailers are hungry for differentiation and that has led to a frenzy of innovation. Products are being developed, offers are emerging, supply chains are diversifying and store design is a big issue. Signet’s flagship H Samuel store in the Westfield Stratford City mall is pioneering a new layout, with flat-screen TVs and tablets dotted around so shoppers can browse online. A different ambience has been created, with mood

£50m

“You might want to build a new shared services centre that costs you £50m, but over the next ten years that saves you £200m”
lighting and staff wearing stylish uniforms. Krepa reports that the store is doing very well.

The biggest area of innovation concerns the “route to market”. Customers now have several channels to choose from: they go to a store, shop online, use a mobile application on a smartphone or tablet PC, order over the telephone, use a paper catalogue or browse and buy via a TV shopping channel. But now multi-channel retailing is giving way to the “omni-channel” model. Here the retailer “sees” the customer across all channels, so a shopper can buy an item online before 7pm and collect them in their local Waitrose store the next day. In the past six months John Lewis’s click and collect operation has grown by 114 per cent and the retailer is looking to extend the service to more local partners.

The auditor’s role

Such big changes bring with them big risks, of course. “From an audit perspective, these are the things that keep me awake at night,” Bhatti says. Krepa doesn’t disagree. The danger, he says, is that retailers are trying to change things rapidly but may be reluctant to put in the appropriate controls and infrastructure behind the change, because they are also trying to contain the costs.

“Internal auditors need to ensure that companies don’t run ahead of themselves,” he says. “We’re not trying to slow people down. We’re just saying: ‘Be sure you don’t create a massive risk that you’ll pay for later.’”

The auditor’s role, Bhatti says, is to catch things before they fall: to stop wasted money or badly run programmes; to be on top of the disaster-recovery process; and to provide a neutral opinion on whether things are going to plan or not.

“We’ll give an objective view on a programme, a project or a process,” he says. “And I think that’s particularly important in tough times like now.”

FOR MORE INFORMATION Visit www.iia.org.uk for details about the IIA’s Retail Audit Group.
Steve Humphries, group head of internal audit, SABMiller, has over 20 years’ experience in internal audit, working for a number of large multinational companies, mainly in FMCG manufacturing.

“Internal audit has become much more professional over my 20 years in the profession, in terms of both how it works and the quality of the people in it. Whereas we used to be a back-office function in essence, dealing with lower levels of management and ‘safe’ areas of the business, we’re now trusted with issues of greater importance and, as a result, are held to account much more closely.

“The profession has grown up, not only because new people have come into it with fresh ideas and perspectives, but also because more is being demanded of it. There’s no room for anyone to operate quietly in the background any more. Every area of business has to demonstrate its value and internal audit is no exception.

“Demands on internal audit are now much greater. We’re expected, for example, to come to the party with much more information than used to be the case, and internal auditors have much better access to that information – we now operate almost entirely electronically.

“Today, when you present a piece of work, certain stakeholders want to know not only what you have found, but why you looked at it in the first place. They will need you to be clear on why it’s important to the business and will expect you to compare your findings with those of past reviews. They’ll also want to know how this activity relates to what’s happening in the wider internal audit market and external environment.

“This all means that internal auditors need a broader range of knowledge and experience, covering all areas across the business – not only finance, but also manufacturing, logistics, IT, change management, sales, marketing and strategic planning.

“Because change is happening so quickly, we need to remain light on our feet and come up with approaches that recognise the dynamic nature of the businesses in which we operate. Using a clunky old audit system for a change management programme, for example, won’t work, because by the time you have published the report it will be out of date, as the programme will have moved on.

“Communication and negotiation skills, which have always been essential, also need to be updated. In a dynamic market, the formal stages of an internal audit – planning, executive, reporting etc – may not be good enough any more. Reporting often needs to be more than just a written document; it needs to be phone calls, emails and status reports on an almost daily basis.

“Commercial awareness will become even more important in the future. That doesn’t mean abandoning our focus on risk and control, which is the bedrock of what we do, or becoming some sort of profit centre. It’s about providing greater and richer insights during internal audits, comparing and contrasting the activities we review against one another and with external factors.

“Organisations such as SABMiller want real insight. That is where internal audit is becoming more complicated, but also more interesting. We will also need to make much better use of information and technology as it becomes available to us. And we need to include a greater variety of backgrounds and experience in our teams to offer a more rounded service.”
If you’ve been in this profession for a long time, it’s likely that the job you’re doing today is not the one you signed up for. As the demands on, and expectations of, internal auditors have changed over the years, so has the range of knowledge and skills that we need in order to do our jobs effectively.

How has the profession changed and how might it need to evolve further to meet the future needs of our organisations? Four senior internal auditors – all members of the IIA Internal Audit Leaders’ Forum – share their views and experiences.
"The internal audit profession is more challenging, more respected and better rewarded than it was a decade ago. This has attracted higher-calibre people, particularly at senior level, which in turn reinforced the profession’s standing. The IIA has also played its part, with the benefit of some good leadership.

“The recent global financial crisis and tough macroeconomic environment has created some tremendous challenges for management and also for internal audit. The past few years haven’t been an easy period, but on balance I think this has meant that the role of the internal auditor has become more valued. “Key stakeholders now have higher expectations of internal auditors and we have a great opportunity to demonstrate that we can meet these. “Both the level and extent of knowledge required by internal auditors have increased significantly in fields such as strategy, risk management, project management and regulation, which are important to boards and senior management teams.

“We’re expected to form a broader range of judgments on more complex issues than we were in the past. As well as good intellect, this requires a range of softer skills. Internal auditors need to be sound judges of character, interview well, analyse complex and diverse issues, and communicate their findings appropriately and articulately.

“Looking ahead, it is going to take several years to rebuild the tarnished reputation of business – and of financial services in particular. Central to achieving this task will be good corporate governance, integrity and transparency, which play to the heart of internal audit. Regulators recognise this, so we can expect greater demands to be placed on our profession in future, requiring us to develop our skills and knowledge further.

“If we can meet these growing demands and expectations, we will be more highly valued, respected and rewarded. And this in turn will help to attract a new generation of highly capable people into the profession.”

Simon Dunn, global head of internal audit, Rolls-Royce, trained as an external auditor 16 years ago before moving into internal audit at Boots. After four years with the firm, he took an internal audit job at Rolls-Royce, where he has worked for seven years, heading the department for the past two.

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For the past eight years I’ve helped to shape a very different internal audit and assurance function in GSK, expanding beyond the traditional financial remit to cover all risk areas in the company. For example, a few years ago I brought the internal audit functions in R&D, manufacturing, environmental health and safety together under one umbrella and made sure that we were auditing risks end to end.

That need for a holistic approach is a trend not only in the pharmaceutical industry but throughout the profession. From a strategic internal auditing point of view, it’s essential that we really understand the strategy of our organisations and can provide internal audit and assurance activities across the whole spectrum.

The skills needed by internal audit have also changed. We need sharper business acumen than ever and must understand the intent of activities rather than the activities themselves. We need technical knowledge, but also knowledge of processes.

Nick Hirons, SVP and head of audit and assurance, GSK, joined British Gas straight from college and spent five years with the company in various financial roles before moving to an internal audit position at TSB. After several years, he joined GSK, where he has been for 18 years, in internal audit as well as a five-year spell in financial and project management.

“Soft skills are also very important. At GSK we have dedicated training weeks twice a year to focus on skills such as process training; presentation and leadership skills; and interviewing.

CPD has become far more important. I have to make sure I deliver a high-quality work product with consistency and calibration across all of my areas, so keeping our skills and knowledge up to date and adding to them is paramount. I always remind my team that a drop in quality in a single area of the process, whether in advanced or detailed planning, fieldwork or report writing, could compromise the whole internal audit process.

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The more guidance we provide from the start, the more likely we are to get the consistency of service we want.

Six steps to outsourcing success

1. Be clear from the start about what you want to achieve.
2. Opt for as flexible a contract as possible: pay only for the services you want, when you need them.
3. Make sure you get the skills and expertise you need – if you only want senior/director-level staff, specify that in the terms and conditions.
4. Don’t assume big is better and always check providers’ records.
5. Tap the providers for their cross-industry expertise.
6. Hold regular meetings, reviews and appraisals. Remember that you are still responsible for the work that the provider does on your behalf.
For the majority of organisations and for most of the time, **outsourcing or co-sourcing internal audit activities works well.** But some complain about the level of service and the **quality of work they receive.** How do you get the most from such arrangements – and does the **business case really stack up?**

**Source of the matter**

Words: Neil Hodge  Illustration: Keith Negley

Farming out part, or all, of an internal audit department’s workload is commonplace and many organisations readily admit that they use a co-sourcing relationship to fill skills gaps, while some have outsourced the entire function to third-party suppliers.

Robert Milford CMIIA is head of internal audit at Audit Cotswolds, a local authority partnership that provides all internal audit services to clients including Cheltenham Borough Council and West Oxfordshire and Cotswold district councils.

There are, he says, practical problems with trying to make co-sourcing or outsourcing arrangements for local authorities, financial restraints notwithstanding.

“The requirements of local government are becoming increasingly fluid, so when making service-level agreements with internal audit providers we might want to factor in that more resource may be needed in one area and less in another, without incurring cost or wasting money. But they just aren’t that flexible,” Milford says.

“Since we have adopted a risk-based internal audit approach, our focus is continually shifting to meet the organisation’s needs, but co-sourcing agreements don’t always work with that degree of change,” he adds. “For example, last year we helped to develop a new local authority company and a shared service across four local authorities. The tasks involved in these two programmes would have been almost impossible to document in a contract. As a result, I would consider co-sourcing only as a last resort, and only for very specialist skills that would be too costly to teach to our own team.”

In search of consistency

But others feel that the business case for outsourcing is simply too compelling. Andrew Bull PIIA, internal audit manager at Guernsey-based private equity firm Ipes, uses an outsourcer to provide internal audit work in the firm’s Luxembourg office.

“The initial reasoning was largely geographic: the office has only six staff and it took nearly half a day to travel to it, which was not a good use of time,” Bull says. “Also, there are particular financial regulations and requirements in Luxembourg that are not applicable to Guernsey – particularly those concerning IT security and data transfer – so it made sense to use a provider with local knowledge to handle specific aspects of the internal audit work.”

But, while outsourcing can make sense, Bull highlights some of the common problems that he has encountered with outsourced providers in his previous jobs. “Staff changes can be a problem, because you don’t get a consistency of service or approach,” he says. “You have to spend time bringing new people up to speed and this can be a drag. What’s more, they may not do the work or supply reports in the way you want them to, which means you have to send them back and teach them how you want it to be done. All of this takes time, which is what using these providers is supposed to save you.”

Learning from experience, Bull has drawn up a template for how service providers should do internal audit work, in order to ensure a consistent approach across his firm’s four operations. “It makes sense that the more guidance we provide from the start, the more likely we are to get the consistency of service we want,” he says.
A clear agenda

Others share Bull’s view that heads of internal audit should be proactive about how they want the relationship to work. Alistair Smith, UK audit director at energy company EDF, says they also need to be clear about what they want from the outset.

“Heads of internal audit need to be precise about the skills or expertise they want to buy in, whether they need the resource for the long term or short term, and whether it would be best to split the work among several providers,” he says.

“They should conduct a Swot analysis of their teams to work out what skills they need, the specific areas of work they will be required for, and for how long.”

While being clear about the services you want is important, it is up to the head of internal audit to “own” the relationship. Even though part of the function might be outsourced, it is crucial that the HIA sets the agenda. In a co-sourcing arrangement, for example, the HIA should provide the terms of reference, as well as the methods, that the provider must adhere to.

Some HIAs also feel that it’s crucial to specify exactly who they want to provide the work. Mark Ripley CIIIA, head of internal audit at the Department for Work and Pensions, which partners big-four professional services firm PwC for co-sourced assurance services, is very clear about what he expects from a provider.

“Despite the expense, I want access to highly capable people with the deep technical experience that we don’t have directly in our team. I don’t necessarily want people with lots of public-sector experience,” Ripley says.

“I’d rather have access to the full range of in-depth knowledge, cross-industry experience and expertise available to my strategic partner that enables us to bring real insights across the areas that we provide assurance on.”

The right questions

Checking who will be providing the service and how qualified they are can pose further issues for HIAs to consider. For example, organisations must not assume that service providers are capable of doing all types of specialist assurance work just because they say they are specialists.

HIAs should conduct a formal interview process and ask providers to give a presentation on how they can help and what experience they have of working on similar issues in the same sector.

It might be worth getting the provider to send the CVs of all the people that they will second to your organisation and meeting them before they start.

And the biggest providers may not always be the best.

“Sometimes small, niche specialists can do the work more capably and cheaply than the larger providers,” Smith says. “We recently employed a specialist sole practitioner to help with some of our nuclear audit work. He had a CV and industry experience that other firms simply couldn’t match.”

Another good idea, Smith says, is to ask the provider about what's going on in other enterprises. “These firms have access to organisations in various different industries and they may be able to share information about the internal audit practices they are following, or how they have been able to solve similar problems to yours. That kind of knowledge can be invaluable, so be prepared to tap into it,” he advises.

Ripley also tries to learn from the provider's experience in other industries.

“I am receptive to new ideas – I want to hear their views on what we can do differently, how this might work and the benefits it could deliver,” he says.

Perhaps the key factors in achieving a successful outsourcing or co-sourcing relationship are ensuring that both parties invest time in managing it properly, and that they are open about their expectations and reservations. To this end, Ripley believes that regular contact is vital.

“I have monthly meetings with the senior partner and account manager in which we discuss how well the service is being delivered, changes across my organisation, what work we are planning to do and how that could be done,” he says.

Internal audit service providers agree that clarity and openness are essential. Lindsay Dart, managing director of the London office of internal audit consultancy Protiviti, says “regular and honest communication” is “critical”, adding: “The more information and instruction we are given, the more we can tailor our expertise to ensure that we meet your requirements.”

To foster greater openness and transparency, Protiviti provides client references. “Customer satisfaction is key and we like to provide potential clients with references that they can check out. This helps to create an open and transparent relationship from the start. Our aim is to meet or exceed clients’ expectations,” Dart says.

“So we need to be clear about what our clients want us to deliver, while they need to be clear about the goals they want to achieve.”

“I want access to highly capable people with the deep technical experience”

To have your say on this and other issues, go to www.auditandrisk.org.uk
Are you fighting fit?

The role of internal audit has become ever more challenging and difficult. As the business environment changes and becomes more complex, and as stakeholder expectations evolve and diverge, what internal audit does faces increasing scrutiny.

Periodic quality assessments – whether internal or external – can help you drive the changes and improvements that may be necessary to manage and respond to stakeholder demands.

Thinking Board is Independent Audit’s web-based self-assessment service that lets you gauge whether internal audit is fit for purpose. Drawing on our many years’ expertise of conducting external reviews of internal audit effectiveness, Thinking Board:

- focuses on the key drivers of internal audit performance
- draws on our extensive experience to give you a fresh perspective
- creates time for analysis and action, avoiding unnecessary administration
- enables you to easily undertake internal benchmarking
- is a versatile service that works across the entire governance spectrum, and so has a variety of uses

For a demonstration of Thinking Board, or to find out more about our external reviews of internal audit effectiveness, contact:

hanif.barma@independentaudit.com    tim.anderson-edward@independentaudit.com
+44(0)20 7220 6584                      +44(0)20 7220 6545
Independent Audit Limited, 4 Bury Street, London EC3A 5AW
When the IIA launched its external quality assessment (EQA) service at the start of 2012, it was another valuable addition to its portfolio of member services. But the reviews also gave the institute a valuable window into the world of internal audit. The results of the EQAs completed so far, alongside a series of case studies published recently by the IIA, give a useful insight into what internal auditors are doing and how successful they are at it.

Chris Baker CMIIA, the IIA’s technical development manager, who was instrumental in creating the EQA programme, has already drawn some common themes from this new information. Here, he highlights the most important areas that internal auditors may identify with and which, once addressed, could significantly improve their performance.

• **Risk management is yet to mature.** While risk management has been around for a while, a number of organisations still haven’t grasped how it can really work for them. Some are just starting out, while others have mastered it at a strategic level but are yet to take it down to the operational level. This immaturity in implementing risk management processes and developing risk cultures can make it hard for internal audit to establish risk-based internal audit plans. At the IIA we sometimes see weak links between organisations’ key risks and their internal audit plans. For some, the link is there and the issue is simply one of improving presentation, but for others there is still some way to go. We need to continue promoting the value of risk management and risk-based internal auditing, highlighting successes.

• **Assurance tends to be poorly coordinated.** This neatly follows the previous point. Most organisations have a number of different people offering assurance against their key risks. But they may be working in isolation, so it’s hard for audit committee members to see the full picture of assurance. This can give rise to overlaps or gaps. Internal auditors are in an ideal position to encourage more coordination of assurance and recognition of the “three lines of defence” model. The IIA published guidance on this in 2010 entitled “Coordination of assurance services”, which includes case studies, while IIA Global has produced a practice guide, “Coordinating risk management and assurance”.

• **Organisations should review the level of resources they give to internal audit.** Audit committees sometimes ask the IIA whether they think they have resourced internal audit appropriately. This is hard for us to answer, because the resources required will depend on many factors, including the level of risk, of course. No formula or meaningful benchmarks can be applied. I would advise any organisation to look at what its key risks are and who is providing assurance, then assess whether the resources are sufficient to cover those areas. If the answer is no, it must consider whether it is comfortable with the priorities that have been established within the existing resources or increase the level of resources through various means.

• **Organisations should use a wider range of metrics to gauge the function’s performance.** It’s always been difficult to measure the effectiveness of internal audit. Organisations tend to use a narrow range of performance indicators. These usually cover the extent to which internal audit has achieved its plan and whether management recommendations have been addressed. We would recommend using a much wider range of measures, covering aspects such as staff development, stakeholder satisfaction and processes. We have seen some good examples of the use of balanced scorecards that emphasise qualitative, as well as quantitative, measures.

• **Internal audit needs to raise its profile.** Most internal auditors we meet work hard and get on with the job. But they could do more to explain what they do and how it helps their organisations. Communication and promotion is time well spent and should be worked into daily routines. It can raise the profile of the function and help internal audits to get closer to their stakeholders and better understand their expectations.

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**What would your EQA find?**

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**Why an EQA?**

An EQA doesn’t merely verify that your firm’s internal audit activities comply with the IIA’s International Standards. Having an EQA can also help to build stakeholder confidence by documenting management’s commitment to quality and successful practices. It shows that internal audit is dedicated to continuous improvement and ensuring the success of the organisation’s governance, risk management and internal control processes. To find out more about EQAs, visit www.iia.org.uk/quality
In response to the growing demand among organisations for enhanced assurance over their risk management and governance processes, the IIA launched the global certification in risk management assurance (CRMA) this year to recognise professionals with knowledge in these key areas. What do you need to know about the new qualification and how might it enhance your career?

Why take the CRMA?
The certificate shows your ability to advise audit committees and executive managers on whether key risk management and governance processes in their organisations are effective. It also shows that you can educate them on risk and risk management concepts, and focus on strategic risks.

“CRMA gives your organisation’s audit committee greater confidence in your ability to deliver assurance over risk management – an area that is likely to be of increasing importance,” says Stephen Maycock, internal audit and risk management consultant and one of two European experts on the global task force that helped to develop the qualification. “It also ensures that you are equipped with knowledge that will certainly become more sought after in future.”

Studies, including recent work by the IIA Research Foundation, suggest that internal audit will get more involved in helping to improve risk management processes. Organisations will want internal audit to focus more on strategic risks, providing assurance on the risk management process and advice on its concepts to audit committees and executive management.

“More and more organisations are formalising their risk management processes and this is being increasingly recognised as a key area for internal audit to provide assurance over,” Maycock says. “By providing assurance over the risk management processes in the organisation you are providing some assurance over the way risks are managed across the whole organisation. Providing assurance over risk management is, therefore, something that most internal audit functions are finding they need to do far more so than in the past.”

This view is echoed by Steve Goepfert, the new chairman of the Professional Certification Board. “The importance of the qualification was confirmed by a recent job analysis survey in which 98.6 per cent of respondents indicated that knowledge of corporate organisation governance principles and risk management techniques were required as part of their job,” he says.

Phil Tarling, chairman of the board of IIA Global and one of those to already achieve the CRMA designation, says: “This new certification (the first from the IIA in 12 years) will be acknowledged as the premier risk-related certification for internal auditors and I wanted to be one of the first to be recognised. As time goes on, it will be more and more recognised around the globe and internal auditors will need to have the CRMA to prove that they are able to live up to the requirements of the definition ‘to provide assurance on risk management’. To me as an individual, it is another part of my internal auditor toolkit, ensuring that I am able to maintain my skills in changing times.”

How do you gain the certificate?
The CRMA exam will be available in English in mid-2013. On its launch, it will be the sole method of qualification. But experienced individuals have been able to gain the certification since the start of this year via the professional experience recognition (PER) route. Candidates outside the US (where this route has already closed) have until the end of 2012 to apply through the PER route.

Members need a total of 155 points to be awarded CRMA accreditation, with points accumulated based on their education, active audit-related certifications (including CIIIA and PIIA) and professional experience. Professional experience should fall within the five core focus areas covered by the CRMA. These are: assessment and assurance of risk management activities; risk management fundamentals; elements of risk management; control theory and application; and business objectives and organisational performance.

Candidates who are able to accumulate at least 155 points using the PER route will be granted the CRMA designation without having to sit the exam.

This qualification should be seen as an add-on specialism and not an alternative to the primary qualifications (PIIA/CMIIA).

For more information
Visit www.iia.org.uk for further details about the CRMA designation.
Internal audit through the eyes of the regulator

Internal auditors always want to know what the watchdogs are thinking. What better way to find out than by asking three senior regulators to address this year’s IIA Annual Conference in London at the end of September?

The keynote session of day one was dedicated to “The changing regulatory environment and the implications for internal audit”. About 250 delegates were treated to highly informative presentations from Judith Hackitt CBE, chair of the Health and Safety Executive; Jonathan Bamford, head of strategic liaison at the Information Commissioner’s Office; and Rosemary Hilary, director, internal audit, at the Financial Services Authority.

Health and safety
Judith Hackitt opened the session by asking delegates whether regulatory compliance should be a starting point or an ultimate goal for organisations. She argued that compliance ought to be seen as the least that an organisation should achieve.

“We at the Health and Safety Executive want to encourage continuous improvement, and there is an important role for internal auditors in this. Organisations need internal, independent reviews. It’s about systems, management, leadership and culture,” Hackitt said.

“You need to find good lead indicators of what might be about to happen that show where things are not as they should be.”

The information maze
Jonathan Bamford spoke next, warning delegates that much change was afoot in data security regulation. “The regime is being strengthened because it’s not been keeping up with the size of risk,” he said.

The Information Commissioner’s Office can now impose £500,000 fines for serious breaches and it has acquired the power to perform non-consensual audits in government departments. EU data protection laws are also changing and likely to become mandatory by 2016. “Fines of up to €1m or two per cent of global turnover could be levied in future,” Bamford said.

Regulatory changes and continuing technological developments are, in Bamford’s view, creating a new role for internal audit.

“People are dropping memory sticks containing unencrypted data in car parks.”
“I expect internal audit to be clear about the model and goals of the organisation, and to be testing the model and challenging the strategy as well as the processes, where appropriate.”

Financial matters
Concluding the session, Rosemary Hilary began by outlining how the Financial Services Authority is going to change from next year when it splits into the Financial Policy Committee, the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA). Each body will have different goals, she explained. The PRA will aim to promote sound regulation governing the fiscal health of financial services providers, while the FCA will focus on ensuring fairness to consumers. Further regulatory changes are also afoot, which are being driven by the European Union’s fourth capital requirements directive and the Basel III proposals.

“I expect the internal audit function to be clear about the model and goals of the organisation, and to be testing the model and challenging the strategy as well as the processes, where appropriate,” Hilary said.

Central to future PRA and FCA reviews will be an assessment of how much an organisation understands risk and has the means to assess emerging risk. “What are the processes and controls that determine risk and risk appetite?” she asked.

Hilary concluded by saying that internal audit needs to be able to raise concerns about an organisation’s culture – its prevailing attitudes, values and goals. “Internal auditors are in a position to provide the bigger picture and to give an external view to the firm,” she said.
**Q&A**

*Our technical helpline* provides valuable advice to members on a host of professional issues. Here are some of the questions you’ve submitted recently.

**Q.** As part of my firm’s agreed annual internal audit plan, I am undertaking a payroll audit. Senior management requested that I test only the system and its responses to risk, including controls. But all previous payroll audits I have done included tests of the payroll report to ensure the accuracy of the data. What should I do?

**A.** I don’t know if you have an internal audit charter, but I’d be interested to learn whether it grants you unrestricted access to people and information. That’s something you might want to remind people of, as well as the internal auditors’ code of ethics on confidentiality.

Nevertheless, payroll can be a sensitive area to audit because it involves personal information. In some organisations people are nervous about giving access to individuals’ salary data. But you can work around this problem by collaborating with management. There simply needs to be some trust and understanding from both parties.

One option would be to anonymise all data. This would mean that you can test the controls within the process without knowing which salary relates to which person. If that’s not totally possible, management needs to have confidence in the auditor, which may entail the signing of a confidentiality agreement. Although that’s a little extreme, I have known it to happen.

Also, in unusual cases, external reviewers can be brought in to audit payroll to prevent any leak of information. My advice would be to talk the options through with senior management. If that were to fail, I would be concerned that the organisation may have something to hide and, if necessary, I’d take the matter to the chair of the audit committee.

**Q.** Can you provide guidance on the latest views on assurance ratings in terms of “red, green, amber, high, medium, low”?

**A.** There is no right or wrong answer on this; simply different options. There is a practice guide called “Formulating and expressing internal audit opinions”, which is the official source of examples on ratings. Visit bit.ly/Audit_Opinion to download the document.

You’ll see some suggestions in its appendices. But we have five examples, provided by members, that you can find on our document-sharing page at bit.ly/Sharing_Documents.

We have also just completed an external quality assessment with a team of 17 and they apply the following interesting variation. Red: risks are outside tolerance levels and there is no action plan in place. Orange: risks are outside tolerance with inadequate or unproven plans in place to remediate. Yellow: risks are outside tolerance with adequate and established action plans in place to remediate. Green: risks are within tolerable levels within the stated appetite.

Discuss the options with the audit committee and senior executives to understand what they want and how to deliver it.

**Q.** Can you offer official definitions of the terms “audit programme” and “audit plan”?

**A.** There is a glossary to the International Standards, but neither phrase is included. This means there are no official definitions, which can cause problems because the terms are often used interchangeably.

At the IIA we tend to apply “audit plan” to the list of audit engagements that will be conducted over a defined period – for example, a year. An audit programme, meanwhile, defines the tests that will be performed during an audit engagement. Confusion arises when people take “audit programme” to mean an overall programme of work – ie, an audit plan. As a result, you have to consider the context of what’s being written.

**Q.** What needs to be considered and covered in the development of audit programmes?

**A.** First, you have to consider the risks that managers have identified and assessed in the area you are about to audit. If they have not done that, risk management may not be working fully. But it’s likely that managers will have considered risks and introduced controls to prevent them from occurring or to spot potential problems.

Internal auditors must consider whether there are too few or too many controls. They must then test the existing ones to provide assurance about their adequacy and effectiveness.

“Thinking ahead”, an article published by the IIA in May 2011, explains how to build an effective audit programme, citing some useful examples. This can be found in our resource library at bit.ly/ThinkingAhead.

**GOT A QUESTION?**

Contact Chris Baker on the IIA technical helpline on 0845 883 4739 or email technical@iia.org.uk
IIA UPDATE

IIA and CIPFA unveil public-sector courses

Earlier this year the IIA and the Chartered Institute of Public Finance and Accountancy (CIPFA) announced plans to work together on standards for internal audit and training and development. As part of this collaboration, they have just launched two jointly developed training programmes aimed at internal auditors working in the public sector.

These new programmes take particular account of the challenges and demands placed on internal audit in the sector and the function’s need to deliver value for money for the public.

The IIA/CIPFA award in governance and risk management (public sector) provides an understanding of how the principles of governance, risk management and assurance are applied in the public sector. Meanwhile, the IIA/CIPFA award in audit and assurance in a changing environment (public sector) covers the breadth and depth of the recent changes in the sector and their effects on the internal audit function.

The programmes have been designed to be taken as standalone training courses, but are also available as part of the IIA Certificate. The Certificate is a flexible training programme that provides theoretical knowledge and practical skills to give these programmes take **particular account of the challenges and demands placed on internal audit in the public sector.**

Participants can specialise in topics such as compliance and information systems auditing while developing the softer skills needed for client engagement, project management and communication.

Each of the new programmes is supported by study materials and a two-day workshop. The first workshops will run in late November (see details below). Visit the IIA’s website at www.iia.org.uk to find out more and to book.

If you are interested in training your team, the new IIA/CIPFA training programmes can also be delivered in-house. To find out more, email trainingandevents@iia.org.uk or call 020 7498 0101.

BOOK NOW:

Institute appoints policy director

The IIA has named David Lyscom as its new policy director. Lyscom had a long career in the Foreign and Commonwealth Office, culminating in his role as the UK ambassador to the OECD and the International Energy Agency. He recently left the Independent Schools Council, which represents the interests of more than 1,200 schools in the UK and overseas, after three years as its chief executive.

Speaking about his appointment, Lyscom said: “It is increasingly clear that the effective use of internal audit can play a vital role in the governance of private- and public-sector organisations. My role will be to lead the institute’s interaction with key policy-makers, regulators and the profession to ensure that the potential of internal audit is fully realised.”

Audit & Risk online

Last year www.auditandrisk.org.uk was launched to supplement the printed copies of Audit & Risk. While some of its articles will be accessible to all visitors, others will shortly become password-protected for members and subscribers only to read.
The institute held its third AGM on 3 October in central London. The meeting, which was preceded by a seminar entitled “Achieving a gold standard in internal audit,” conducted the following business:

• The report of the council and the audited accounts for the period ended 31 March 2012 were received and the president’s report was presented by Dave Reynolds FIIA.

• Directors at large Nicola Rimmer CFIIA, Mark Carawan FIIA, Robert Beattie CMIIA and Melvyn Neate FIIA were either appointed or reappointed, having been nominated by the council.

• New officers were appointed, having been nominated by the council. They were: Nicola Rimmer as president, Paul Kaczmar FIIA as deputy president and Robert Beattie CMIIA as chair of the audit committee. Profiles of all IIA council members can be found on the institute’s website under “About us” > “How we work”.

• Dave Reynolds FIIA stepped down as president. He was thanked for all his hard work and presented with a token of the institute’s gratitude.

• Voting members also agreed to the increase to the membership subscription fee that had been proposed by the council. The fee increases were based on the June 2012 consumer price index for annual inflation in the UK, which was 2.4 per cent. Subscription fees were rounded down to the nearest £1, while fees for retired members were frozen.

• Warrener Stewart was appointed auditor of the IIA until the next AGM.

Additional News, Features and Views are posted online all the time. Go to auditandrisk.org.uk to see what’s new.

AGM report

IAA gives website a complete upgrade

The institute will launch its redesigned website in December, bringing a new look, more functionality and improved services for members and other users. The new site addresses many of the issues raised by members in a recent survey and has been designed to be simpler to use. For example, almost half of you said you’d like a better search function, particularly when accessing material from the Knowledge centre.

Other priorities included enhancements to navigability – eg, the need for fewer clicks to find information – and to the user-friendliness of discussion forums. The new site also features smartphone compatibility so that you can browse it on the move.

Further improvements will be phased in next year. Online membership renewal payments by credit/debit card and direct-debit set-up facilities will come online in early 2013, followed by booking and payment for courses, study-support workshops and exams.

The IIA is confident that, having been designed according to your needs and tested by members, the new website will be a vast improvement on its predecessor and will encourage members to get involved and access more resources online.

All members will soon receive an email explaining how to log into the new website. This will be simpler – using either your membership number or email address (logging into www.iia.org.uk will also log you automatically into www.auditandrisk.org.uk). If you don’t receive an email, it may be because the IIA doesn’t have a valid address for you on file. Members for whom it doesn’t have a valid email address will receive a letter.

The institute looks forward to your feedback on this – please email webmaster@iia.org.uk or post your views on the IIA discussion forum.

Calling all volunteers

The IIA Regions offer members the chance to meet fellow internal audit professionals local to them and build a network of peers – but they can’t do it without your help. Just ask Garry Hooton, chair of IIA South, who joined its committee as a volunteer four years ago.

“The IIA Regions are organised by the members for the members: volunteers help to decide how the IIA carries out its activities and keep the organisation alive,” Hooton says. “Over the past two years IIA South has been relatively quiet, owing in part to a lack of volunteers. Involvement is an ideal way to exert some influence over how things are organised, but committees can function only with active, committed members. Remember: the IIA needs you, so get involved.”

“Being in touch with a wide variety of professionals from a diversity of business sectors can be a real eye-opener and exposes the volunteer to a huge range of views and approaches,” adds Dave Reynolds FIIA, past president of the IIA Council and former HIA at BT.

Visit www.iia.org.uk to find out more. There are vacancies at both IIA East and IIA South. If you’re interested in volunteering, email volunteering@iia.org.uk describing your skills and interests.
IIA training courses & events

For further information or to book, click the “Training and events” tab at www.iia.org.uk, email trainingandevents@iia.org or call 020 7498 0101. IIA regional events and special-interest groups should be booked directly with the organiser using the contact details provided.

November

6  Successful strategies for heads of internal audit  
   LONDON
6-8  Internal auditing – a beginner’s course  
   SURREY
7  IIA / Banking and Financial Services Internal Audit Group (BFSIAG) annual conference: Banking internal audit hot spots for 2013  
   LONDON
7-9  Advanced information systems auditing  
   LONDON
8  North West: Treading the carbon footprint  
   MANCHESTER
   nigel.lewis@lloydstsb.co.uk
8  Lean auditing  
   LONDON
9  IIA/Fraud Advisory Panel joint annual conference: Current fraud trends and practical internal audit tools  
   LONDON

13  HIAS: Treasury function – focusing on the key controls  
   LONDON
13-14  Auditing outsourced contracts  
   LONDON
14  IIA South West: Control frameworks – a masterclass in best practice and latest trends  
   BRISTOL
   john.thomasson@iia.org.uk
14-15  Auditing enterprise-wide risk management  
   LONDON
14-15  IIA award in the internal audit planning and assurance framework  
   CARDIFF
20-21  IIA/CIPFA award in governance and risk management (public sector)  
   LONDON
20-23  Introduction to information systems auditing  
   LONDON
21-22  IIA award in corporate governance and risk management  
   CARDIFF
21-22  A practical guide to evaluating risks and controls  
   YORK
22-23  IIA/CIPFA award in audit and assurance in a changing environment (public sector)  
   LONDON

December

4  Seminar: Investigations  
   LONDON
4-5  IIA award in the effective delivery of audit and assurance  
   LONDON
5  IIA Midlands: Social event  
   BIRMINGHAM
   ciamids.events@gmail.com

Post your event
IIA regions and special-interest groups may include details of their upcoming events by contacting trainingandevents@iia.org.uk. Please state the event title, date, venue and contact details. The deadline for the January/February issue of Audit & Risk is 16 November.
Congratulations to the IIA members below, who were successful in the June 2012 exams.

The IIA is the only organisation offering recognised professional qualifications for internal auditors in the UK and Ireland.

In June 2012 the following students successfully completed the examined element of the IIA qualifications:

**IIA Advanced Diploma exams completed**

- Allen, Mark S
- Beville, Paul G
- Boreland, Ross J R
- Bull, Andrew J
- Buwu, Selina
- Bykovs-Nimmo, Iryna
- Chessman, Erica A
- Clapham, Fred
- Clarkson, George
- Cox, Richard J
- Crook, Emma
- Davies, Christopher S
- Dodds, Clare E
- Durkin, Katery
- Georgiou, Koula
- Hegpleston, Russell J
- James, Richard
- Leung, Wai
- Lewis, Catherine A
- Ling, Janet
- Liveston, Kirsty
- Lockhart, Neil H
- Martin, Mairead R
- McCulloch, Andrew B
- McTaggart, Lynne M
- O’Shaughnessy, Paula O’Toole, Brendan
- Rex, Michelle
- Saldanha, Roland F
- Shelton, Timothy C
- Slayford, Shona
- Thompson, Matthew
- Townsend, Simon H
- Trevallion, Nicola L
- Turner, Nadine
- Varela, Sonia
- Walker, Nicola
- Warren, Fiona
- Welsh, Wendy T
- Willetts, Karen
- Willshire, Richard
- Wood, Claire L
- Woodward, Louise

**IIA Diploma exams completed**

- Booth, Darren
- Braamse, Jacques
- Brennan, Paul
- Briers, Imogen
- Brown, Steven E
- Budney, Jane
- Byers, Jessica J
- Carson, Susan
- Chambers, Paul G
- Clegg, Joanna E
- Coulston, Gavin
- Counsell, Jennifer
- Cranston, James S
- Currie, Stephen
- D’Mello, Joanna
- Davidson, Mark P
- Dawsins, Carol
- Dawson, Carlien
- De, Indrajit
- Draper, David P
- Dundas, James
- Elliott, Nicola L
- Etude, Raymond
- Evans, Julie
- Ferguson, Anne
- Fines, Barry John
- Franks, Grant W
- Gallagher, William P
- Garden, Susan J
- Gilbert, Hollie
- Glavin, Cassie
- Grieve, Iain
- Gwilliam, Wendy A
- Hallam, Paul J
- Hallam, Paul J
- Hallam, Paul J
- Hancock, Neil
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The IIA offers a comprehensive face-to-face learning programme for IIA Diploma students studying towards the June 2013 examinations.

Choose the Institute for your support

- Four days of intensive syllabus-focused tuition
- Bespoke learning texts and workbooks
- Detailed feedback on assignments
- Expert and experienced tutors

Tuition workshops scheduled in London

- P1 The Internal Audit Environment – 11-14 March
- P2 Financial Risks and Controls – 18-21 March
- P3 Internal Audit Practice – 18-21 March
- P4 Information Systems Auditing – 4-7 March
- P5 Corporate Governance and Risk Management – 25-28 March

Don’t delay - start your journey to become a Chartered Internal Auditor today.

Contact IIA Learning: Tel 020 7819 1939 email learning@iia.org.uk www.iia.org.uk/learning
Open University accreditation – CPD opportunities
Since 2007 the Open University has recognised that the IIA’s professional qualifications are at postgraduate level, giving the IIA Advanced Diploma and the IIA Diploma up to 60 general credit rating points each and the IIA Qualification in Computer Auditing up to 30 points.
Qualified members can use these points to support an application to study a further qualification at a higher education institution, and may also take advantage of awards of specific credit towards certain Open University distance-taught qualifications. See the Open University accreditation information on www.iia.org.uk for further details.

November’s exams
Authority-to-sit correspondence
This was sent out on 29 October to students registered to sit the exams. Candidates must take a copy of the correspondence to the exam venue, as they will be required to present it on entry. You will also need to show photographic identification documents. If you haven’t yet received your correspondence, email exams@iia.org.uk or call Aneta Zieba, the IIA’s assessment coordinator, on 020 7819 1928.

Pre-exam instructions
Instructions and the exam regulations are available in the Student information centre at www.iia.org.uk. Candidates are reminded to read these in the run-up to the exams. Details about exam venues are also provided in the “Exams” section.

Case studies / past papers
Case study materials for the IIA Diploma and the IIA Advanced Diploma are available online in the “Exams” section, where past papers and the chief examiners’ reports from June’s exams are also available.

Extenuating circumstances
Candidates wishing for extenuating circumstances to be considered should read the policy before applying. This can be found on the IIA website in the “Regulations and policies” section of the Student information centre. While there must be some flexibility, the test applied when considering claims will focus on the possible effect the circumstances could have had on the day of the exam. So issues affecting a student’s preparation weeks or even months beforehand that are claimed to affect performance on the day will be subject to rigorous scrutiny. Details of extenuating circumstances occurring on exam day must submit details to the IIA within two weeks of the date of the exam if they are to be accepted. Correspondence must be accompanied by documentary/supporting evidence in accordance with the requirements of the policy.

Publication of exam question papers
The November 2012 question papers will be available on the IIA website from 3 December in the “Exams” section of www.iia.org.uk.

November 2012 exams
Exams will be held from Monday 26 to Thursday 29 November.

<table>
<thead>
<tr>
<th>MODULE</th>
<th>NOVEMBER 2012</th>
<th>TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>IIA DIPLOMA</td>
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<tr>
<td>P1 – The Internal Audit Environment</td>
<td>Monday 26</td>
<td>9.30am to 12.40pm</td>
</tr>
<tr>
<td>P2 – Financial Risks and Controls</td>
<td>Tuesday 27</td>
<td>2pm to 5.10pm</td>
</tr>
<tr>
<td>P3 – Internal Audit Practice</td>
<td>Tuesday 27</td>
<td>9.30am to 12.40pm</td>
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<tr>
<td>P4 – Information Systems Auditing</td>
<td>Wednesday 28</td>
<td>9.30am to 12.40pm</td>
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<tr>
<td>P5 – Corporate Governance and Risk Management</td>
<td>Thursday 29</td>
<td>9.30am to 12.40pm</td>
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<tr>
<td>P7 – Internal Audit Practice Case Study</td>
<td>Thursday 29</td>
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<tr>
<td>IIA ADVANCED DIPLOMA</td>
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<tr>
<td>M1 – Strategic Management</td>
<td>Monday 26</td>
<td>2pm to 5.10pm</td>
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<tr>
<td>M2 – Financial Management</td>
<td>Tuesday 27</td>
<td>2pm to 5.10pm</td>
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<tr>
<td>M3 – Risk Assurance and Audit Management</td>
<td>Wednesday 28</td>
<td>2pm to 5.10pm</td>
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<tr>
<td>M4 – Advanced Internal Auditing Case Study</td>
<td>Thursday 29</td>
<td>2pm to 5.10pm</td>
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<tr>
<td>IIA IT AUDITING CERTIFICATE</td>
<td></td>
<td></td>
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<tr>
<td>A1 – IT Auditing Certificate Multiple-Choice Questions</td>
<td>Monday 26</td>
<td>9.30am to 11.30am</td>
</tr>
</tbody>
</table>

The June 2013 exams will be held from Tuesday 4 to Friday 7 June.
Technology Risk Services

Location: Various across the UK
Salary: £competitive + benefits

At Grant Thornton UK LLP we have ambitious plans for the future. As part of the exciting times ahead, we now have various opportunities for people to join the team across the UK, including London, Birmingham and Bristol.

Background

Our Technology Risk Services team has ambitious growth plans and as a result we have new opportunities for aspiring individuals to join this highly respected team.

You will join a refreshingly open and supportive environment where you can make a real difference. We pride ourselves on a creative culture that promotes independent thinking and rewards innovation.

Roles

SAP Manager - London
An exciting opportunity to help the firm’s SAP audit delivery capability to expand. You will have the opportunity to contribute to our methodologies, and to train and develop members of the team. The role requires strong organisational and communication skills and will provide the successful candidate with the opportunity to take responsibility for a wide-ranging existing SAP assurance client base, covering many sectors. Successful candidates will have strong technical expertise in SAP modules, and in performing BASIS reviews, segregation of duty assessments and data extraction analysis.

IT Audit Executive – Various office locations
As the primary point of contact during field work you will be responsible for ensuring that all IT assurance work is carried out to the highest standard. This is a fantastic opportunity for experienced auditors (IT or financial audit) to join a successful and growing team. With exposure to a wide range of clients and a structured training programme in place you can look forward to growing a successful career.

Experience

We would like to hear from dynamic individuals with a passion for furthering their career within IT audit. For all roles successful candidates will hold either a professional accounting qualification (ACCA, ACA) or be qualified and experienced in IT audit (CISA, QiCA, CISM, IIA). Practice experience is desirable.

To apply please visit grant-thornton.co.uk/careers quoting GT2459 for the SAP manager and GT2365 for the IT Audit Executive.
Specialist Recruitment for Audit & Risk Professionals.

Looking for a career move? At Michael Page Finance, we have experienced consultants nationwide specialising in audit & risk who can use their market knowledge and expertise to match your skills to the very best roles available.

Here is just a selection of our current opportunities in industry and commerce:

**Audit Manager – Retail Banking**  
Wiltshire  |  £48-60,000 + car & benefits  
Do you understand how risk is managed in large organisations and have an ability to challenge management? This highly-regarded employer is seeking an audit or risk professional with strong risk and controls experience gained in financial services (via internal/external audit). You will have a lead role in owning and developing business relationships at director level. Gain an in-depth understanding of your business area and deliver robust and challenging audits. Excellent career prospects.  
Ref: MPIA13255520  
Natalie Wells  |  0117 927 6509  
nataliewells@uk.michaelpage.com

**Senior Internal Auditor – Financial Services**  
North West  |  up to £46,000  
Continued growth through multiple acquisitions sees this North-West financial services organisation looking to recruit a number of internal auditors. This challenging role will see you working across a breadth of departments internally to reduce risk and improve business processes. This is an ideal opportunity for a qualified (ACA/ACCA/IIA) and experienced internal auditor to enhance your skill-set and experience in a fast-paced environment.  
Ref: MPIA132566411  
Alistair Illstone  |  0161 833 5089  
aлистairllstone@uk.michaelpage.com

**IT Audit & Risk Manager**  
Leeds  |  £55,000 + benefits  
Reporting to the senior IT audit manager, you will be accountable for providing specialised in-depth audit expertise and responsible for contributing to the planning, risk assessment and execution of the audit programme and related processes across the global audit & risk team. You will provide specialised in-depth audit expertise and be responsible for contributing to the planning, risk assessment and execution of the audit programme and related process.  
Ref: MPIA13256931  
Liam Currie  |  0113 243 7709  
liamcurrie@uk.michaelpage.com

**Senior Internal Auditor**  
East Midlands  |  £40-45,000  
Working for this global multinational company you will be responsible for independent examination of the procedures, processes and management control exercised through the business, with a view to monitoring the maintenance of adequate security over group assets, contributing to improved corporate profitability, assessing the level of control risk and ensuring the integrity and availability of management information.  
Ref: MPIA13257266  
Edward Starkey  |  0115 948 3480  
edwardstarkey@uk.michaelpage.com

**Internal Controls & Risk Manager**  
West Midlands  |  £50,000 package  
Reporting directly to the finance director this is a highly visible position which has been created to increase profitability of the business. You will undertake both procedural and operational reviews in order to recommend improvements to efficiency, profitability and control along with ad hoc investigatory work responding to whistle blowing and management requests. Qualified accountant (ACA/CIMA/ACCA) or IIA with recent relevant Internal audit/risk experience.  
Ref: MPIA13253062  
Lucy Williams  |  0121 634 6920  
lucywilliams@uk.michaelpage.com
London

VP/Senior Audit Manager
London
£80–100,000+Bens
This well known bank is seeking a Senior Audit Manager to help plan and deliver reviews across their financial crime universe and provide expert consultancy advice to the business. This role covers all aspects of the bank – Investments, Banking and Markets, Retail and Insurance. You should be an existing subject matter expert in financial crime with expertise of internal audit and/or consultancy across banking and/or insurance.

Senior Auditor
London
£45–55,000+Bens
A senior auditor is sought to carry out finance and treasury audits at this bank. The audit team is a key focus given its role in assurance of capital and liquidity requirements. The team enjoys excellent relationships with business managers and this role provides the opportunity to gain visibility. Experience in key areas such as risk weighted assets, capital management, liquidity, financial reporting, IFRS, GAAP, IAS and Basel II / Basel III is required.

Senior Internal Auditor
London
ToF50,000+Bens
This specialty insurance group provides services to clients worldwide. They have a high profile internal audit department that seeks to improve business processes and controls. Reporting to the Internal Audit Manager you will participate in all aspects of the audit process and will work on special projects as the need arises. You should be a professionally qualified and experienced internal auditor with strong interpersonal and communication skills.

Internal Audit Manager
London
ToF70,000+Bens
A commercially astute Internal Audit Manager is sought by this leading transport group to further strengthen their expanding internal audit function. You will influence strategy and assist with the development of the audit plan alongside delivering reviews and further building the audit team. You will need to be professionally qualified with experience of developing audit processes and audit teams and working with senior stakeholders in a commercial environment.

For further details of positions in London/City contact Alexia Demetriou 020 7936 2601 ad@barclaysimpson.com

Regions

Senior Internal Auditor
North West / East Midlands
ToF50,000+Cars+Bens
Our client is a high profile group operating within the engineering and construction sectors and has commercial interests across the UK and internationally. Working as part of their Support Services Division, you will be responsible for undertaking a wide range of contract and business process reviews. A relevant professional qualification is required and previous experience gained working in a commercial audit environment is preferred.

Audit Associate/Consultant
Witshire
£29–40,000+Bens
Having undergone a significant transformation, our client is looking to recruit knowledgeable qualified internal auditors at both Associate and Consultant level. You will complete strategic level internal audits on your own or as part of a team and will provide impartial and constructive advice to line managers on control improvement, implementation and risk management. Career development prospects are excellent.

Internal Auditor
West Midlands
ToF35,000+Cars+Bens
Our client is a successful FTSE 250 service group and with over 600 branches across the UK is the leading company in their sector. Reporting to the Head of Audit you will be responsible for the execution of systems and risk based internal audits in accordance with the annual audit plan. You must be able to work on your own initiative and ideally you will be a qualified internal auditor with experience of working in a commercial audit environment.

Internal Auditor
West Sussex
ToF40,000+Bens
This business advisory company has recently become part of a multinational business services group. They are seeking a newly qualified internal auditor to join their growing internal audit department. You will lead and undertake both risk and compliance based reviews. The role has a zero travel requirement and provides good career prospects. You will be a qualified internal auditor with well developed interpersonal and communication skills.

For further details of positions in the Regions contact David Jarrold 020 7936 2601 dj@barclaysimpson.com

IT Audit

Senior IT Auditor
London
ToF60,000+Bens
Are you working in the commercial sector and keen to develop your career in banking? Reporting to the IT Audit Director of this global internal audit team, the work will be applications led but candidates from an infrastructure background will be considered. Based from London there will be approximately 50-60% international travel requiring 1-2 week trips. Excellent academics, an IT audit qualification and a drive to succeed are essential.

IS Auditor – SAP Specialist
South East
£competitive+Bens
Our client is a FTSE 100 energy company. Following a number of internal promotions they are looking to recruit an experienced IT auditor to work from their UK headquarters. You will have experience gained within a large complex business or via a consultancy auditing SAP. Experience of Business Activity Statement (BASIS) of the solution, access permissions, extraction of data, and an understanding of key workflows is required.

AVP, Infrastructure Auditor
London
ToF65,000+Bens
Working for the EMEA IT Audit division at this Tier 1 investment bank you will form part of the dedicated IT audit infrastructure team. Reviews will include UNIX, Active Directory, system resilience, network architecture and server realisation. Investment banking experience is not essential but will make this an excellent opportunity for an auditor with infrastructure experience to gain entry into this sought after sector.

VP, Senior IT Auditor
London
ToF70,000+Bens
Working for this international financial services provider you will be a member of a small team delivering IT audit reviews across the Group’s operations. This is a demanding environment with an excellent work culture and good work/life balance, supported by only limited international travel. You must have previous IT audit experience and be able to demonstrate first class written English skills and a record of achievement within past roles.

For further details of positions in IT Audit contact Daniel Flynn 020 7936 2601 df@barclaysimpson.com
Scotland

IT Audit Manager
Edinburgh
£Excellent
This role involves the planning and delivery of IT assurance work across a range of areas within this successful bank. Working with both senior managers and senior IT auditors you will be responsible for testing IT general controls and ensuring their effectiveness. You will make improvements to the control environment where relevant. The bank offers a market leading package as well as excellent future progress opportunities.

Senior IT Auditor
Glasgow
£42,000+Bens
This multinational consultancy is seeking to recruit a high calibre IT audit professional for their Glasgow based team. The role will involve planning and delivering internal audit work to clients around the Scottish central belt. You will be involved in review work from planning to conducting the audits and agreeing recommendations. To be considered for this role you should be an experienced IT audit or risk professional with excellent management skills.

Senior Audit Manager
Edinburgh
£75,000+Bens
A Senior Audit Manager is sought by this banking group. You will be responsible for ensuring the quality of the internal audit department’s output. You will challenge the department’s approach to internal audit and should be comfortable engaging and influencing staff across all levels of the department. To be considered for this role you should demonstrate knowledge of the latest internal audit and risk techniques and be IIA or CCAB qualified.

For further details of positions in Scotland contact Liam Hughes
0131 209 7850
lh@barclaysimpson.com

International

Audit Managers
New York
$100–115,000+Bens
Our client is a Fortune 1000 commercial group with a managerial programme designed for high performing internal auditors seeking to move into the business. The programme involves a series of rotations over a 2–3 year period providing a platform of tailored training and mentoring. Possible rotations include working within finance, marketing, operations and compliance. Applicants must be eligible to work in the US.

Senior Internal Auditor
Milan
Competitive package
This international bank is looking for a senior internal auditor to join their audit department based in Milan. You will cover the bank’s operations throughout Italy as well as in other European countries. The role offers exposure to executive management and audit experience gained within a Big 4 environment or bank is essential. You must have a good knowledge of Bank of Italy regulations and fluency in Italian is required.

Senior Internal Auditor
Paris
€45–65,000+Bens
This well known multinational industrial group is seeking a senior internal auditor to help train and develop internal auditors covering their French and North African operations. Audit assignments will vary from business process reviews to technical audits and ad hoc projects that are requested by senior management. Candidates with Big 4 or large practice firm internal audit experience preferred. Fluent French and English are a must.

For further details of International positions contact Marie Marchi
020 7936 2601
mm@barclaysimpson.com

Nationwide Interim Opportunities

<table>
<thead>
<tr>
<th>Location</th>
<th>Position</th>
<th>Industry</th>
<th>Rate</th>
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<tbody>
<tr>
<td>West London</td>
<td>Senior Auditor</td>
<td>Commerce</td>
<td>£250 per day</td>
</tr>
<tr>
<td>Central London</td>
<td>Audit Manager</td>
<td>Private Banking</td>
<td>£75,000 pro-rata</td>
</tr>
<tr>
<td>Surrey</td>
<td>Senior Auditor</td>
<td>Insurance</td>
<td>£60,000 pro-rata</td>
</tr>
<tr>
<td>London</td>
<td>Audit Manager</td>
<td>Banking</td>
<td>£500 per day</td>
</tr>
<tr>
<td>West Midlands</td>
<td>IT Audit Manager</td>
<td>Financial Services</td>
<td>£450 per day</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>Audit Manager</td>
<td>Banking</td>
<td>£65,000 pro-rata</td>
</tr>
<tr>
<td>London</td>
<td>Audit Manager</td>
<td>Investment Banking</td>
<td>£490 per day</td>
</tr>
<tr>
<td>London</td>
<td>IT SOX Manager</td>
<td>Financial Services</td>
<td>£400 per day</td>
</tr>
<tr>
<td>Yorkshire</td>
<td>Internal Auditor</td>
<td>Financial Services</td>
<td>£325 per day</td>
</tr>
<tr>
<td>London</td>
<td>Senior Auditor</td>
<td>Insurance</td>
<td>£500 per day</td>
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Barclay Simpson Interim Solutions is the leading provider of interim recruitment services to the internal audit profession. For more information on these and many other opportunities, please contact Andrew Whyte aw@barclaysimpson.com

www.barclaysimpson.com/interimsolutions

Mid Year Market Report 2012

- Up to date overview of the economy and its impact on corporate governance
- Sector analysis of the demand for internal auditors
- Review of salaries
- Outlook for the future

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William Hill is known as the Home of Betting. A rapidly expanding, international company, not to mention one of the biggest names with multi channels online, on the high street, on the telephone and mobile. It’s not often you see a bet as sure as a career at William Hill, and who knows – you could help them write the next chapter of the William Hill story.

Reporting to the Senior IT Audit Manager you will plan and deliver IT audits across the William Hill Group and provide input into the development of the annual IT audit plan. Internal Audit is highly respected and you will work closely with senior management providing advice and guidance on risk, control and governance issues. Key to the role is communication and all applicants must be able to articulate technical IT issues in clear business language both verbally and in writing.

In terms of key skills you must be able to demonstrate audit experience of the following:

- Networks, Databases, Application and Software Development
- IS Security and Governance
- Project Assurance & Programme Management
- Third party assurance
- Online retail / E-commerce / Financial services or exposure to regulated markets

In addition you will need to be CISA/QiCA and/or CISM qualified with effective relationship management skills. Only applicants with first class communication skills and a desire to work within a dynamic, fast paced industry need apply.

To find out more about this post or to make an application please contact Daniel Flynn of Barclay Simpson at df@barclaysimpson.com or phone 020 7936 2601.

All third party applications made to William Hill plc will be forwarded to Barclay Simpson.