

Stakeholder expectations

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BENCHMARK WITH THE PRIVATE SECTOR

Drawing experience from Audit committee in listed and private multinational entities in Europe

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C. Dittmeier – Highlights

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- 1. Audit Committees are required to assess Risk Mgmt and Internal Control and needs Internal Audit ever more**
 - Internal Audit must indeed take on a higher level approach, providing specific assurance over second level control processes (in addition to first) and organizational governance.
 - The Audit Committee is looking for cross-process assurance; Internal Audit is one of the few functions with the capability of revealing risk/control issues and inefficiencies between departments/ units/ functions. (Internal Audit should not – or rarely -perform single division/unit audits)
 - Audit Committees are increasing expectations from the first line of defense by getting more involved in escalation policies of needed actions to internal audit results; also intensifying IA follow up
 - Internal Audit opinions risk based now essential, with differentiation between high risk and medium or low risks

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2 . The Internal Environment (ERM) of the organization is under scrutiny by Audit Committees

- The Human Factor of ERM is often the source of problems
 - ✦ Culture
 - ✦ Accountability
 - ✦ Training
 - ✦ Incentives
 - ✦ Communication , etc

3. The Audit Committee evaluates the IA function annually

- The IIA QAR – External Review is now a focus
- Some evaluation criteria:
 - ✦ Adequacy of resources
 - ✦ How the Audit Universe is defined
 - ✦ Planning process, risk based
 - ✦ Reporting and communication effectiveness