

RISK ADVISORY SERVICES

ESTABLISHMENT OF AN EFFECTIVE INTERNAL AUDIT FUNCTION

TODAY, AN INCREASED ORGANIZATIONAL FOCUS TO MEET FINANCIAL REPORTING AND CORPORATE GOVERNANCE OBJECTIVES IS THE NORM. THESE MEASURES ARE REFLECTIVE OF SHAREHOLDER EXPECTATIONS AND WORK TO ENSURE CORPORATE GOALS ARE ACHIEVED AND OPERATIONAL AND FINANCIAL INTEGRITY ARE MAINTAINED.

Why You Need an Internal Audit (IA) Function

The IA function plays a critical role in an organizations management control structure; it helps to ensure the legitimacy of the entity's fiscal practices. IA departments strive to strike a balance between adhering to new regulatory risks while remaining focused on the traditional business of operational auditing. So, what does this mean? Relationships and experiences ascertained within the company are used to mitigate risks, improve controls and add value across your organization.

Determining and evaluating the IA function's mission and objectives is the first step in creating a successful approach. Traditional, "compliance" driven methodologies, which only provide management or the audit committee with proof that controls in place are working to achieve regulatory and financial goals, are now outdated. The nature of the IA function has evolved, taking

a more dynamic or, "value added" approach; "risk assessment" consultations on the risks inherent to the organization are provided, as well as assistance with process improvement or process re-engineering procedures. This is done in addition to providing basic assurances stipulating that current controls are effective and efficient.

The Solution

Creating an effective IA function that meets the needs of your business and adheres to the legal requirements regulating your industry is greatly influenced by the audit team you choose, and their respective skill sets.

As a strategic partner, BDO is responsible for providing your organization with skilled professionals; the most effective approach or focus is within your reach. We can assist you in establishing or enhancing your IA function to meet the approach best suited for your organization.

We would evaluate or establish some of the key elements of your business, which would likely include:

- An internal audit charter or mandate;
- An internal audit organization structure;
- A fully developed audit risk universe;
- A 3-5 year audit plan;
- An IT Audit Plan (security, change management and vulnerability assessment); and
- Reporting tools and templates.



CONTACT BDO

National

Sam Khoury
416 369 6030
skhoury@bdo.ca

Central Canada

Carlo Mariglia
416 369 3078
cmariglia@bdo.ca

David Knott

416 815 3016
dknott@bdo.ca

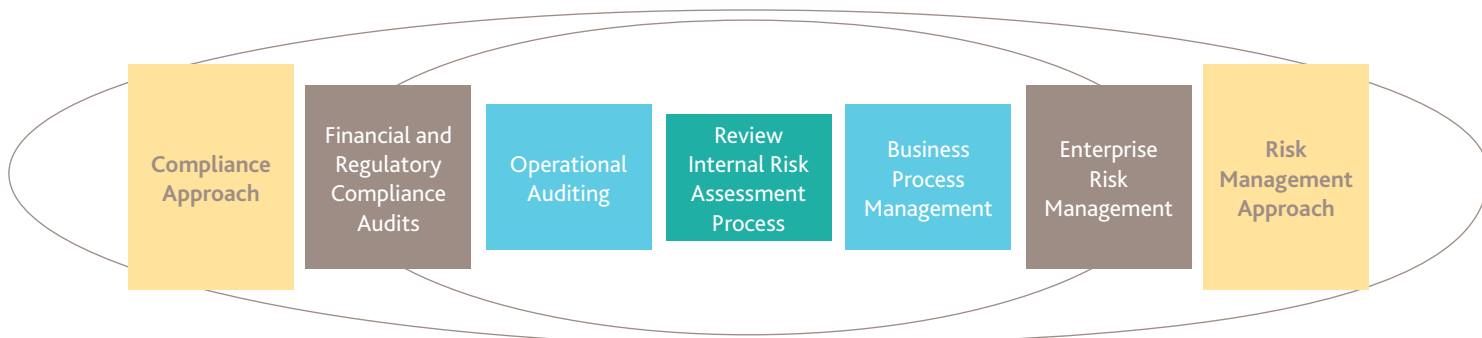
Eastern Canada

Pierre Taillefer
514 934 7806
ptaillefer@bdo.ca

INTERNAL AUDIT METHODOLOGY



THE BDO INTERNAL AUDIT CONTINUUM



Internal Audit Services

All companies face new corporate governance concerns, as well as intense internal and external scrutiny. A reactive approach to internal audit is no longer acceptable; there can be no surprises when it comes to managing the risks and opportunities in your business.

BDO has found that many internal audit groups struggle with a number of conflicting demands, most notably contention for resources while trying to maintain traditional IA functionality. BDO's Risk Advisory Service practice has developed a suite of services designed to help clients develop and implement an internal audit function or, transform a standard, compliance driven IA function into one that is proactive and risk-oriented.

We can help you align your internal audit function with the overall objectives of your organization.

Our services include:

- Establishing an effective internal audit function
- Quality Assurance Reviews gauging the effectiveness of the internal audit function
- Strategic partnering and co-sourcing
- Risk assessment services
- Managing the internal audit function
- Constructing audit services
- Financial institutions compliance
- IT audit services

Contact BDO

As part of our value-added service, BDO offers a complimentary needs and requirements assessment. This provides you with the opportunity to identify and review your risk advisory needs with our team of trained professionals. We encourage you to contact us to learn more about our services and to meet our team.

MANAGING THE IA FUNCTION

Engagement Planning

Issue Tracking and Resolution

Engagement Control

Reporting

Issue Identification

Knowledge Transfer

Professional Standard