

# Internal Audit

ADVISORY

It is time for internal audit to raise its game. Economic, technological and regulatory changes demand that internal audit shifts from its transaction-based compliance role to a more proactive one that adds real value to its company. Internal audit must get more involved in top level decision making, protecting its organisation against risk and continually improving control systems. KPMG can provide the right level of support for you. We can supplement the skills or resource requirements of your in-house team through our co-sourcing and advisory services. Alternatively, we can enter into an outsourcing partnership for your entire internal audit function.

## The traditional role

Internal audit has long been an important function in many of the world's leading organisations. Originally developed as a way to safeguard corporate assets and monitor and enforce corporate policies, internal audit has occupied a secure place in many organisations.

Internal audit's traditional focus on audit and control has resulted in a function and a profession that has historically been viewed as stable and beneficial but not necessarily of strategic value to an organisation.

## A new role emerges for internal audit

In a business environment that is increasingly complex and competitive, and where there is little room for error, a new role for internal audit has emerged.

Boards and other business leaders with a keen strategic focus are recognising a new model for internal audit is required. Internal audit must not only ensure an effective audit and control environment is embedded throughout the organisation, but must also enable an

organisation to anticipate and respond appropriately to changing business conditions and risks.

Today, internal audit is expected to provide strategic value and contribute to improve business performance by:

- providing a centre of excellence on business risk and internal control issues;
- supporting Management in the identification and management of existing and emerging business risks;
- identifying continuous process and business improvement opportunities, including opportunities to improve the efficiency and effectiveness of controls to achieve an optimal balance between risk and control; and
- providing the Board with comfort that robust audit and control, and risk management frameworks are in place to reduce the risk of any surprises.

The new internal audit model is emphasised in the Guidelines on Internal Audit Function applicable to public listed companies in Malaysia, and

reflects a proactive, future focused "risk authority" that delivers strategic value to protect and enhance shareholder value.

However, for many organisations it can be a significant challenge to develop and maintain an internal audit function that can meet these expectations using in-house resources in a quick and cost effective manner.

KPMG's Business Advisory Services practice offers a range of internal audit services to help organisations make a quantum leap in the value being delivered by internal audit.

## How KPMG can help

Our Business Advisory Services professionals focus their know-how in risk management and internal control based on a 'no surprises' philosophy. We understand that the efficiency and effectiveness of core business processes is critical to an organisation's continuing success. Our approach is to provide independent, clear and practical advice for the right processes and internal controls to be in place to achieve an organisation's strategic and operational objectives.

**Co-sourcing: ready access to professional internal audit resources**  
Co-sourcing with KPMG can quickly augment internal audit resources and shore up specific areas of the internal audit function to maintain the right focus.

By accessing our senior and experienced professionals, the overall effectiveness of internal audit can be improved in much less time and for significantly less investment than it would take to develop the needed resources and competencies in-house.

Co-sourcing can be particularly useful when internal audit workflow is subject to "peaks and valleys"; ready access to specialist skills is needed to address complex and technical requirements or simply where there is a shortage of skilled resources to perform the work.

#### **Outsourcing: delivering a total internal audit function**

By fully outsourcing the internal audit function to KPMG, many organisations have been able to make a quantum leap in the strategic value delivered by internal audit.

The decision to outsource requires careful consideration. Our experience has demonstrated that outsourcing can be the right option when the in-house internal audit function does not have the capability or resources to respond to rapidly changing business conditions, and the expectations of business leaders, including the Board, are not being met.

Outsourcing can be the best option when an organisation is seeking to reduce the fixed cost and investment required to achieve a high quality in-house internal audit function or is establishing a dedicated internal audit function for the first time.

#### **Why KPMG?**

Delivering one of the leading internal audit services is one of KPMG's core

competencies. We have an established track record for being the pre-eminent supplier of internal audit services – across a range of industries, locally and globally.

#### **A wealth of experience**

KPMG's internal audit services are delivered by a senior, dedicated team of internal audit professionals with deep industry experience who understand the numerous risks and issues facing our clients. Our multi-disciplinary approach draws on a wide range of KPMG's specialist skills, including information technology, risk management, fraud investigation and corporate governance. This allows us to work with our clients to quickly and effectively develop robust assurance frameworks as well as offer practical insights and new ideas to improve business performance.

#### **Established methodology and tools**

We continually invest in the development of our proprietary risk-based methodologies and technology tools. Our technology tools help integrate knowledge management into the internal audit process, resulting in a more effective internal audit to provide a potentially greater return on investment. They also facilitate continuous collaboration and open communication with our clients.

#### **Global knowledge sharing**

Through KPMG's global knowledge sharing system, our professionals have ready access to global technical and industry research and analysis. This enables us to share the latest technical and industry developments with our clients.

#### **Smooth and effective transition**

The credibility and acceptance of a newly outsourced or co-sourced internal audit function is critical to its ongoing success. KPMG has earned a reputation for successfully working with our clients to deliver a smooth transition from an in-house internal

audit function to a co-sourced or outsourced arrangement.

#### **Enabling the quantum leap**

Our focus is on helping our clients make a quantum leap in the value delivered by internal audit. We can do this by helping transform an in-house internal audit function or by providing co-sourced or outsourced services to achieve a proactive, risk focused and dynamic internal audit function that delivers strategic value to protect and enhance shareholder value.

## Contact us

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