

Internal Audit Assessment

The role of internal auditing is expanding rapidly in complexity and scope as companies cope with myriad regulations, technological transformation, legacy transition, and external threats such as cyber breaches. Under such circumstances, internal audit functions are finding it more difficult to uncover fraud and other problems; and to keep pace with their mandate to evaluate and help boards and executives improve the effectiveness of governance, risk management and control processes.

| SITUATION | FTI CONSULTING SERVICES |
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| Critical Incidents | |
| Fraud or Other Wrong Doing | <ul style="list-style-type: none"> — Special Investigations and Assessments |
| Structural Issues | |
| Unaddressed Internal and External Risks and Threats | <ul style="list-style-type: none"> — Organizational Risk Review — Financial and Operational Risk Readiness and Recovery Capability Assessment |
| Corporate Strategy/Internal Audit Objectives Misalignment | <ul style="list-style-type: none"> — Board Risk and Governance Evaluation — Unified Alignment |
| Internal Audit Performance Gaps | <ul style="list-style-type: none"> — Internal Audit Capabilities - Assessment and Remediation <ul style="list-style-type: none"> — Planning and Management — Regulatory & Standards Compliance Enhancement — Audit Technology Tools Assessment — Education and Training — Staff Augmentation — Outsourced Audit Functions |
| Systems and Information Technology Risk | <ul style="list-style-type: none"> — IT & Data Governance — Operational Risk Reviews <ul style="list-style-type: none"> — Process & Controls Remediation — Data Quality Assessment — Cyber Security Risk Readiness and Recovery Capability Assessment |

Meeting The Challenges – The FTI Consulting Difference

Global Insurance Services is one of the world’s leading independent insurance consultancies, with over 100 professionals dedicated to the life, health and property- casualty insurance industries. Our credentialed experts and consultants support insurers, reinsurers, brokers, captives, risk retention groups, banks, regulators, investors, other insurance providers, and corporations and their counsel with a wide range of critical services related to internal auditing.

Organizational Risk Review

Our organizational risk review includes a holistic view of the enterprise, its external operating environment, third party relationships, and its internal organizational dynamics. Our focus is to confirm that the internal audit function takes into account the risk impact of internal and external situations.



Board Risk and Governance Evaluation:

We validate that the audit function and the organization's risk management and compliance structures are in sync with corporate strategies, goals and objectives, and are not competing or conflicting with each other. This includes an assessment of policies, procedures, guidance and support mechanisms that ensure internal auditing is able to function with the independence necessary for providing objective insights and guidance to the board and management. This focus on governance and unified alignment helps facilitate interaction with other organizational units, improving collaboration and performance.

Internal Audit Capabilities Assessment and Remediation:

Our extensive experience in assessing and helping clients improve their internal audit capabilities has revealed common situations that can weaken internal controls and risk management. These situations tend to compound across the organization, resulting in gaps in audit capabilities, coverage, and findings, and are especially prevalent in those organizations undergoing significant transformation.

Standards and Regulations: We help determine the level of understanding and compliance with standards and regulations, including those related to Audit Standards Board, Institute of Internal Auditors, American Institute of Certified Public Accountants, International Accounting Standards Board, NIST, ISACA, COSO, Sarbanes-Oxley Act of 2002, Solvency II and ORSA. This assessment also forms the basis for additional education and training if needed.

- **Analytic Tools and Techniques:** Auditors must use advanced audit technology in order to remain effective. Auditors must also audit the various analytic tools and models in use within the organization and those of third parties. This is a complex technical process involving specialized skills. FTI Consulting's Performance Analytics unit and its Enterprise Data unit apply their specialized expertise and experience in advanced analytics and data management to help auditors understand, assess and use these specialized tools and models.
- **Staff Augmentation and Training:** The dynamic nature of most organizations often causes significant peaks in auditor workload. FTI Consulting provides an experienced team of auditors that quickly and effectively help meet these peak demands. In addition, we provide education and training to help improve auditing performance.

Operational Risk Reviews

- **Processes and Controls Remediation:** The internal audit function tracks closely with business processes and controls across the organization. Our end-to-end assessment uncovers any conflicts, gaps, oversights in processes and controls that could impact risks, and reveals opportunities for process improvements that provide performance gains.
- **Data Quality:** We evaluate data to confirm that it is relevant, correct and complete, and fully accessible and actionable for use as input for analysis and for developing findings, conclusions and reports by auditors. This includes an assessment of overall data governance and management.
- **Cyber Security:** Cyber security is undoubtedly one of the most complex and critical issues that auditors face. We provide the specialized expertise of our Technology Forensics unit to assist auditors in assessing the veracity of cyber security technology and processes related to effectively actualizing three critical cybersecurity risk management requirements: Readiness, Response, and Recovery.

— KEY TAKEAWAYS

Today's dynamic operating environment, combined with myriad external threats, has stressed the ability of internal auditors to perform at optimum levels. These conditions, the potential for audit gaps and wrongdoing, and the desire to improve auditing capabilities, are prompting organizations to seek an independent assessment of the auditing function. FTI Consulting has the resources, experience and expertise to help clients address and recover from incidents, assess the internal audit function, remediate issues, and improve overall performance.



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