The more things change

INTERNAL AUDIT CAN KEEP BUSINESS, CONTROLS STEADY DURING TIME OF TRANSITION

BY CHRISTINE HALL
Contributing Writer

In the ever-changing world of business, one of the constants is the internal audit department, which often helps a company understand where the change is occurring, and what the risks are.

Over the prior 17 years, Steve Lameier, vice president and chief audit executive at Americold, has worked for publicly held companies.

He recalls when working at First Data Corp., an electronic payments company, internal audit was brought on to assist in First Data’s spinoff of Western Union. Post spinoff, each company targeted to have had its own services and corporate functions, which had to be split.

“We had to know the risks and report that to senior management,” he said. “All the controls had to be replicated as did any key skill sets. Our experience and knowledge with the company’s risks, processes and knowing the major players in each department, helped make that project more efficient.”

Typically in publicly held companies, upper management understands the basis of audit functions because they are required to have such internal audit departments. However, further away from the C-suite, there can actually be a negative aura surrounding the internal audit department, Lameier said.

So, he and colleagues in Atlanta work to develop in-depth relationships both inside and outside the company in an effort to show their value-added function.

Over at Southern Co., the electric utility industry has experienced an evolution in recent years, including new regulatory requirements, changes in customer preferences and the company’s own development of the full portfolio of energy resources: nuclear, 21st century coal, natural gas, renewables and energy efficiency, Laura Patterson, chief audit executive, said.

“As a result, our audit planning process must remain flexible in the face of a changing environment, ensuring that we continue to provide our key stakeholders with valuable information and to ultimately ensure our more than 4.5 million customers are provided with clean, safe, reliable and affordable energy,” she said. “Internal auditing is in a unique position within the company to assist in change management that could affect internal organizations or customers.”

The company’s internal auditing team develops the audit plans based on emerging trends in the industry and within the company in order to mitigate the inherent risks that come with implementing changes, Patterson said. Then the team continually monitors and adapts the plans to ensure it is ready to make any necessary adjustments across the enterprise, she added.

When it comes to change, there isn’t really a one-size-fits-all approach to how internal audit can provide value, said Paul McClung, vice president internal audit at WestRock. He sees internal audit as the third line of defense to provide independent assurance after process managers own and manage risks/change and risk and compliance functions monitor risks/change.

“Internal audit must understand how change is managed within the company and adapt procedures based on the risks associated with the change,” McClung added. “We must have relationships with key business leaders to know what is about to change.”

In addition to understanding the change, an audit department can provide expertise in a variety of areas from information technology controls, data conversions, consolidations, mergers and acquisition integration, people changes or vendor changes. Audit can also bring to the table skills such as process mapping, understanding and assessing risks and controls, and data analytics, he said.
Auditing program leads to internships, jobs

BY DOUG DELOACH Contributing Writer

In 2011, Kennesaw State University became one of 42 educational institutions in the world that have joined the Internal Auditing Education Partnership (IAEP). Established by the Institute of Internal Auditors (IIA), the IAEP provides college students with real-world skills and knowledge, as well as a foundation upon which to prepare for the Certified Internal Auditor examination.

“When the Atlanta chapter of the IIA approached KSU about starting an internal audit education program, we were receptive, which I attribute to the university being open to new ideas,” said Richard R. Clune Jr., associate director of the School of Accountancy and director of KSU’s Internal Audit Center.

Sponsored in part by the Atlanta chapter of the IIA, the IAEP at KSU was established in 2007 within the Coles College of Business.

The curriculum, which began with one internal audit education class, has been extended by Clune and his staff to include three courses at the undergraduate level: internal audit, fraud and forensics, and accounting analytics. Also established was the Internal Audit Center, which includes a Board of Advisors drawn from some of the top Atlanta companies, to coordinate activities and promote the IAEP program. In 2012, a master’s of accounting program was introduced, which substantially covers the Global IIA recommended curriculum.

“So now students are being exposed to the subject matter even when internal audit is not on their radar screen,” Clune said.

In addition to educational programs, the IAEP provides students with access to companies looking for young professionals with specialized skills. Two annual IAEP activities are focused on aligning students with potential employers, the Internal Audit Case Competition and the Student Days Event.

“I don’t think I would be in this position if it wasn’t for KSU and the relationship they have with the IIA,” said Megan Beeston, who is currently working toward her master’s of accounting at KSU.

In September, Beeston was one of four KSU students chosen to attend an IAEP networking and workshop conference in Orlando, Fla., along with about 100 students from countries including the U.S., Europe, China, and South Africa. Previously, Beeston had been in contact about potential employment with Frazier & Deeter LLC, a nationally ranked CPA and advisory firm with offices in Atlanta, Alpharetta, Nashville, Tenn., and Tampa, Fla.

“When they said they were looking for someone to do internal audit, I told them I was heading to the IIA’s conference, which served as the trigger if you will, that led to me being hired,” said Beeston who is currently interning with Frazier & Deeter while completing her degree.

Once a year, the Atlanta chapter of the IIA sponsors a one-day event during which students attend a panel discussion on the internal audit profession and make initial contact for potential internships and permanent positions. Last year’s Student Day Event, held in February, was coordinated by IIA Atlanta Chapter Executive Relations Committee Chair Fred Masic; IIA Executive Committee and Board of Governors member Bill Mulcahy; and Clune.

Area companies are invited to set up exhibitor tables during the event, which effectively functions as a speed dating job fair. Among the sponsor/exhibitors last year were Americold, Asbury Automotive Group, Cox Enterprises Inc., Crowe Horwath LLP, Deloitte, Ernst & Young, Fiserv Inc., Georgia-Pacific, SunTrust Banks, Harrisfield-Jackson Atlantic, United International, Horwath LLP, United Parcel Service Inc., WellStar Health System, and Zep Inc.

“That’s how I met Georgia-Pacific,” said Samantha Cowell, who earned her master’s in accounting at KSU in 2015.

As an undergraduate, Cowell had interned with Georgia-Pacific through the IAEP program. Before beginning her graduate studies, she accepted a full-time position with the company. Today, in addition to working in the internal auditing department, Cowell participates in Georgia-Pacific’s recruiting efforts, which included the Student Day Event at her alma mater.

One of the highlight activities during the event is the final judging of the Internal Audit Case Competition, which is open to students attending Georgia colleges and universities. Registered teams are given a number of weeks to prepare a written report in response to a sample case chosen by IIA Atlanta. The winner of the competition is announced during the Student Day Event at KSU.

“Last year I mentored a team from Georgia State University for the competition,” said Cowell, who was one of three members of the winning Internal Audit Case Competition team from KSU in 2014.

According to the program’s administrator, the future of the IAEP program at KSU is likely to include course offerings focused on risk advisory services. The courses are designed to respond to a major developing trend in the industry.

“Advisory services practices of the Big Four (Deloitte, Ernst & Young, PricewaterhouseCoopers, and KPMG) are predicted to grow over the next several years at a more rapid pace than the traditional service lines of audit and tax,” Clune said.

CHANGE CONTINUED FROM PAGE 1B
INTERNAL AUDIT CENTER

Beginning fall 2016, The Coles College of Business School of Accountancy will add an ADVISORY SPECIALIZATION to the Master of Accounting Program.

The ADVISORY SPECIALIZATION will include courses with a focus on internal auditing, fraud and forensic accounting, advanced data analytics, and information technology.

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Internal audit can raise flag on fraud

BY RANDY SOUTHERLAND
Contributing Writer

Whether it’s doctored expense vouchers or a complex cyberscam, a company’s internal audit department is the first on the scene and the professional most often leading the effort to fix the problem and keeping the company going, according to experts.

“There’s no one that has a better lens into the internal controls of the organization and the broad holistic view and approach that internal audit has,” said Ric Kimball, a principal in KPMG’s advisory services practice with a primary focus on internal audit, risk and compliance services. “Their risk assessment processes and the execution of their audits give them good insights into not only identifying the root cause of what went wrong, but also look at the compensating or mitigating controls that could have or should have been in place to help offset the event.”

Internal audit is able to leverage the depth and breadth of institutional information and knowledge that comes from being an insider.

“Given the central role that internal audit plays in an organization, they are really uniquely positioned to facilitate and coordinate the various stakeholders involved when some sort of disruptive event occurs,” said Virginia Adams, a partner and Southeast region fraud investigation and dispute services leader for Ernst & Young. “Internal audit departments are organized to react and handle events in many situations. Recognizing the value of an expert who perhaps dealt with similar issues 10 or 20 times or more can be extremely valuable.”

In addition to figuring out what happens, companies are increasingly calling on the internal audit department to develop detection and monitoring programs that can either fraud or at least detect it in time to mitigate the damage.

“You can’t prevent all crises from occurring, but you can put processes in place to deter them,” said Vic Hartman, a former FBI agent specializing in white collar crime and now principal with The Hartman Firm. “Whether it’s an outside threat or an inside threat, you can create hard controls which is just physically stopping it from happening and then soft controls which is affecting the environment that the employees work in.”

Since no system — no matter how robust — can deter all threats particularly in an age of ever evolving cyberattacks, detection must be a high priority.

“The longer a fraud or crisis goes on without detection the more harm is done,” said Hartman.

Investigation of fraud or handling fallout from a natural disaster is perhaps the most important aspects of an internal audit department’s litany of duties. The purpose of the inquiry is determining the scope of the problem, who was involved and the extent of damage. Internal audit is usually part of a larger team that should be assembled prior to the start of an investigation, usually as part of advance planning for dealing with crisis.

“You have to figure out the scope of the problem,” said Hartman. “How expensive is this going to be? Should we handle it internally or externally? Should we have a hybrid (team) with some external and some internal.”

In many cases the team should be led by an attorney either from the corporate staff or from an external firm to establish attorney client privilege early on.

“If it’s some type of malfeasance where it’s going to raise legal issues, either cyber or other fraud, you almost always want it to be attorney led,” said Hartman. “Ideally you want it to be an external attorney, but that raises cost.”

The decision of whether an investigation should be led by outside counsel is usually determined by the seriousness of the fraud and whether internal personnel can be trusted to take an unbiased approach to the case. If there is a parallel criminal investigation taking place, it can be wise to go external.

Bringing in outside help can be particularly needed when dealing with foreign subsidiaries. The company may need to commission experts with a solid background in both local languages and laws.

“We can often bring expertise and we often look at issues in a more creative way or through a different more creative lens than the internal audit department might be looking at something,” said Adams.

Fraud threats today are internal and external. “Where fraud is married up with cyber risk you have outside forces and influences,” Kimball said. “They are identifying new and innovative ways to get into the organization through lack of good security programs and protocols and these are the ones we see being the most disruptive to organizations.”

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CLOSER LOOK

Preparing for fraud or business crisis
- Identify skills needed to deal with each type of crisis
- Decide who will lead the team - Internal Audit or Legal?
- Put team organization and steps in writing
- Decide what types of fraud require outside experts
When it comes to corporate governance and risk management, there are a number of studies discussing the qualities of a successful board. A recurring theme today’s boards are addressing is the need to strike the right balance of focus between keeping the business out of trouble and long-term value creation. Increasingly, they are recognizing the importance of employing risk management principles to oversee the organization’s ability to successfully harness uncertainty for value creation in addition to the traditional controlling of downside exposure. Balanced governance includes promoting a suitable risk culture and appetite, encouraging disciplined deployment of resources to execute strategic objectives, and overseeing management’s performance.

When boards need objective insight beyond assurance over managing the downside of risk, can they look to internal audit? I believe they can and should! Internal auditors, as the third line of defense, provide objective and informed perspectives about opportunities and threats associated with desired outcomes.

For example, management may identify an opportunity to expand into a new global market through a strategic partnership. While the business case is being developed, internal audit as the third line of defense can help by understanding the nature of the opportunity, leveraging their knowledge of the company’s history and experience, and asking the right questions related to areas such as:

- Upside assumptions and impact on current risk capacity;
- Reliability and objectivity of evidence; and
- Success factors, leadership, and monitoring.

As boards oversee broader risk-taking opportunities and challenges associated with their organization’s purpose and strategic business objectives, they seek to promote better risk awareness, behavior, and discipline. In this regard, the commonly referenced “three lines of defense” model can be very helpful in clarifying risk management roles and responsibilities within the existing organizational structure. Operations management, support functions, and executive management are naturally structured to focus on managing risks associated with value creation, loss prevention, and compliance. Internal audit’s scope should be equally balanced while careful not to blur the lines.

To meet these new demands, internal audit functions must embrace the opportunities along with the responsibilities. This may require more senior and dynamic leadership, a new mandate, more disciplined execution, and better communication. It demands an executive-level audit leader, board support, “trusted advisor” brand, access to deeper talent, better relationships and knowledge of the business. At the same time, auditors must exercise business acumen, courage, tact, and influence at the appropriate times.

Often, what has worked for the more traditional compliance-oriented functions will not be enough to accomplish the expanding mandate required to meet the needs of today’s boards. However, with this increasing challenge arise opportunities for variety, innovation, and overall fulfillment, which attracts new audit talent.

Internal audit is viewed as a board’s primary source of independent assurance. However, many traditional internal audit functions have focused primarily on compliance-related control assessments associated with managing the downside of risk. To meet the evolving needs of today’s boards, internal auditors need to expand their focus to include understanding and assessing management’s response to risks affecting long-term value creation as well. With the right internal audit leadership, team, and approach, this expanded role will help to provide the board with the balanced insight needed to contribute to enhanced board effectiveness.
Internal audit sees more focus on data breach risks

BY PHIL W. HUDSON
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As data breaches are becoming more common, companies are ramping up measures to increase data privacy and security. Rob Goldberg, a partner at the business, accounting, technology and risk advisory consulting firm Sunera LLC, said much of the work that internal auditors do is driven by risk assessments that either take place annually or periodically throughout the year.

“In the last few years, data privacy and security have risen to the top of the list of risks identified in these risk assessments that pose a threat to organizations if not managed appropriately,” Goldberg said. “The result of this is that the focus on privacy and security within the audit plan has increased significantly.”

Goldberg noted the changes in the audit plans have increased the need for auditors to develop skills and knowledge in technology and security that they haven’t needed before.

“Auditors who have historically focused purely on financial risks — individuals with a CPA/accounting background — are having to re-tool and are pursuing skills development and certifications that allow them to broaden their focus to be able to evaluate security and privacy risks appropriately,” he said.

Goldberg said internal auditors have always had to adjust their plans and focus based on the risks present within the organization, and the risk landscape is ever changing.

“Although I would say that in some cases this is creating more work for the individual auditors where they are lacking the necessary skills to cover the risks,” he said.

Goldberg added the biggest impact he sees is that business owners often lack the skills on their teams to effectively evaluate and manage these emerging risks.

“Ten years ago, with the exception of banks, most organizations did not consider themselves a target of those looking to steal data or take over systems,” he said. “They therefore did not invest in the talent that knows how to deal with these risks.”

Goldberg added today every organization is a target as the value of data has increased exponentially, and data is money. “No matter what industry you are in or what kind of information you have, you are a target,” he said. “It is therefore incumbent on every business owner to understand the threat landscape and ensure that the risks to the organization and its assets are being managed appropriately to protect the interests of all of the company's stakeholders.”

Michael Lisenby, managing partner at Atlanta-based Rausch Advisory Services LLC, said it has become common place for business leaders to see daily occurrences of data breaches and cybersecurity events that are not only affecting organizations' reputations, customer loyalty, but their bottom lines.

“In the case of the most publicized breach in the last two years, Target Corp. last year agreed to a $10 million settlement in a class-action suit brought by customers exposed in the breach,” Lisenby said. “This was a data breach that exposed 40 million customer debit and credit card accounts. Target also agreed to a $39 million settlement to resolve claims by banks that sought to recoup money for reimbursing fraudulent charges. Target also agreed to pay Visa card issuers up to $67 million to resolve claims. This time last year the breach had already cost Target $162 million.”

Lisenby added Affinity Gaming filed a lawsuit against security firm Trustwave for conducting an allegedly “woefully inadequate” forensics investigation of a security breach that had exposed the data of up to 300,000 Affinity customers.

“Terminal is evidence organizations still lack a firm understanding of their current cybersecurity risk posture,” he said. “What activities should get more attention, how to respond to a breach and how they compare with their peer organizations”

Lisenby said internal audit departments need to focus on whether they have a cybersecurity breach response plan and has it been tested.

“Most companies when audited can produce an incident response plan,” he said. “However, upon a deeper audit of the plan most organizations don’t regularly test and improve their plans. We encourage our clients to not only immediately begin to review the plans for completeness and accuracy, but to ensure the plans are incorporated as part of their regular disaster recovery testing exercises. This will help to ensure there is effective communication, coordination of resources, support from executive management and the ability to respond effectively to a breach event.”

Another practical area that internal audit needs to be involved with is cybersecurity education of the corporate employees, Lisenby added.

“While it has become more difficult for attackers to break through an organization’s perimeter defenses and steal critical data, attackers continue to turn to ‘spear phishing,’ and according to Trend Micro, 9 out of 10 targeted cyber attacks are perpetrated through ‘spear phishing’, he said. ‘Spear phishing is a technique of fraudulently obtaining private information. Typically, the phisher sends an email to a susceptible employee that appears to come from a legitimate business, a bank or credit card company, requesting verification of information and warning of some dire consequence if it is not provided. Typically, spear phishing is a way that hackers will also deploy bots into the environment beating perimeter controls thanks to the unsuspecting employee.’

Lisenby said internal audit departments should be conducting user awareness training by using IT auditors or outside assistance to perform spear phishing exercises designed to educate internal employees and make them aware what to look for in the event of an actual attack.

Clients’ internal audit departments “have shared that they are not involved in the external penetration exercises of the corporate perimeter,” he said. “Internal audit should be involved with auditing the perimeter or engaging the assistance necessary to review and test the controls. An ever changing cybersecurity landscape again requires information security be everyone’s responsibility within a company, especially internal audit. Progressive internal audit departments hire or engage IT auditors that have the appropriate experience and certifications to effectively participate in the corporate cybersecurity defensive strategy.”

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Internal audit departments strive for diversity

BY TONYA LAYMAN
Contribution Writer

Finding a skilled internal auditor—one that can not only improve processes but is also good with people and understands the company's challenges—can be a tall order. But they are out there and the industry is more diverse than ever. It is an industry that welcomes both men and women, all ethnicities, new comers and veterans.

That is what Toks Olabisi, senior manager with Deloitte Advisory at Deloitte & Touche LLP, has found in her firm. Deloitte is not seeing a specific talent shortage. To the contrary, a majority of the firm's applicants are turned away.

She believes many are attracted to public accounting firms because they offer a variety of clients and workloads, talented mentors, great culture and innovation, in addition to the diversity found at these firms.

And Deloitte delivers, she said. “Deloitte is a very diverse organization with many programs in place,” she said. “Our Women’s Initiative program has been in place since the early ’90s. We have tons of mentoring programs—some that are targeted for certain groups like women or minorities—but also general leadership programs like our Deloitte University.”

Deloitte training also helps people understand different “connection points” that help foster good corporate culture.

“At Deloitte, diversity is not just skin color and gender. It is diversity of thoughts and business chemistry and in how we work. Have you to understand different personality types and how to work with these personality types. It is important to have a culture that fosters that,” Olabisi said.

This is especially true now that the workforce is welcoming more millennials. “Millennials value having a diverse workplace and a place that allows them to contribute their qualities,” she said. “They want to be heard. Another thing about millennials is they want constant feedback and seek more constant check-in. Instead of waiting until the end of an engagement, they want to be evaluated on performance throughout the process.”

Olabisi said they also want to do meaningful work, both in the office and in the community.

“One thing we do to attract and recruit good talent at Deloitte is by making an impact in the communities where we live and work. One day a year we have an impact day, dedicated to community service. We can either do pro bono work—things that are skills based—or we can do something, like painting at a school,” she said.

Tiffany Hoffine, managing partner of AquantUs, a recruiting company specializing in accounting and finance, said she works with a lot of candidates who are in public accounting and looking to make a transition and many times that change includes leaving audit completely and taking on more diversity in their duties.

“They are looking for those other things an internal auditor may do outside of Sarbanes-Oxley compliance which can be perceived as a bit monotonous,” she said.

In order to keep auditors engaged, audit departments should evolve into a more strategic advisory role versus a policing role.

They should have a seat at the company’s strategic planning table and be asked to participate in more internal consulting, process improvement and value-added projects. They should also use technology, including data analytics, to add value to the organization.

“You want to send the most positive message possible to potential candidates,” Hoffine said. “There can be misperception among young auditors that the work is dull, monotonous and not value added. The younger folks in this industry—say 30 and below—have a sincere desire to feel like they are making a difference to the business.”

She adds the millennials are creating a change in how companies should adapt their recruiting efforts if they want to remain competitive.

“It’s really the small things that can add up—things like casual dress codes and on-site amenities like a gym or a Starbucks—that can tip their interest level. Millennials are also tech savvy so if you are using the latest and greatest tech tools or data analytics, you want to communicate that to these candidates,” she said.

Companies should also carefully manage their online reputation because millennials care about their peers’ opinions. They are also interested in work hour flexibility which can be a challenging perk to offer in an industry that requires travel like auditing.

Any technology the company can provide that will allow employees to work remotely can be a great selling point,” Hoffine added. “Millennials also want to understand the impact they can have on the business. They want to know how their work fits with the strategy of the company as a whole and they like getting to work on value-added projects.”

She also advises anyone looking to go into audit to become multilingual.

“We live in a much smaller world so being able to speak multiple languages is a huge plus,” she said.

Industry veteran Lynda Sanford said millennials may be labeled as “self-centered” but in today’s business landscape they may be.

“The workforce has changed.

In the old days, the company took care of you with pensions and other benefits and you were guaranteed lifetime employment. Today they are responsible for their professional development, retirement and sometimes their own health and life insurance. Now it is a matter of survival,” she said, adding it is not surprising to her that people jump jobs more frequently than before.

That makes it even more important for companies to make sure their employees feel marketable.

“With today’s generation, their greatest concern is am I getting what I need to ensure if this organization disappeared tomorrow, I would be able to find a job elsewhere,” she said. “Sometimes people need to leave their position in order to advance. One of the best pieces of advice I was given earlier in my career was if you aren’t getting what you want where you are, go elsewhere and get that promotion and increase in pay and title there. Sometimes you have to take the risk and I think the younger generation has no reservations in doing that.”

Sanford has been auditing the public, private and nonprofit sectors for 30 years. She is a forensic, external and internal auditor and is a member of the Institute of Internal Auditors.

During this time, she has seen the industry come a long way in terms of diversity but she knows there is still room for improvement. As recently as 2012, it was not uncommon for her to be the only woman in the room.

Beyond gender diversity, she believes there is a lot to learn from other cultures and business could be around the world. She has worked in Africa, Asia, the Caribbean, North and South America and the South Pacific.

“We can’t ignore we live in a global world today,” she said. “In order to be able to compete globally we need to be aware of what is happening globally and keep up with the rest of the world. I think we are losing our competitive edge because of complacency.”
The pros and cons of outsourcing internal audit functions

BY LISA R. SCHOOLCRAFT
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The role of internal audit has been changing, and that means keeping up with new technology and new skills sets.

So the question is raised: Is internal audit better served in-house or outsourced? Susan Nichols, senior vice president and general auditor at Bank of America Merchant Services, has herself been an in-house internal auditor and an outsourced employee. Here, she gives the pros and cons of each:

How prevalent is outsourcing of internal audit in the field? Did it increase more during the economic downturn?

Internal audit departments are continuing to evolve due to changing expectations of audit committees and industry regulators. The businesses overseen by internal audit are generally becoming more complex through expansion and innovation. To keep pace, the scope and skill sets of the internal audit function must also expand. It is very prevalent in the current business climate for internal audit departments to establish outsourcing or co-sourcing engagements to augment their teams. At Bank of America Merchant Services, we rely on a co-sourcing partner to bring us subject matter expertise in certain specialized areas. We are also able to leverage their capabilities to augment our team when executing more traditional assurance activities. During the recession, outsourcing did generally slow down as departments right-sized, but it varied by industry. It was also during the downturn that regulators raised the bar for internal audit departments, which remains high today.

How has the war on talent for internal audit driven outsourcing? The talent demands have never been higher in the areas of audit, risk management, and compliance. Finding the right people can take time and requires active recruiting efforts. In my experience, it takes longer to identify real talent to bring on board. As a result, we are leaning on our co-sourcing partner in an even greater capacity until we fill open positions. This need for talent is a result of supply and demand, but also the evolving skill sets required for internal auditing.

Internal audit candidates today need to have in-depth critical thinking skills, a business process improvement mindset, and have local expertise. As for outsourcing, that means keeping up with new technologies, risks, and controls were deeper and more relevant than in an outside role.

What are the advantages of outsourcing internal audit? In my view, internal audit departments gain a few key advantages when they engage in a sourcing relationship. First, the department becomes scalable. The in-house team can be easily supplemented with additional resources to assist in execution to bring a particular subject matter expertise that may not already exist internally. Second, outside firms generally have global internal audit practices that all follow consistent methodologies and have local expertise. As a company expands, for example, internal audit is able to keep pace and understand new geographies without needing to expand the internal team immediately. Third, the outside firms provide services to myriad clients across all sectors. Our business serves clients that reach across nearly every major corporate category and size. Having an outside partner that shares experiences across those verticals can streamline and simplify work, when there’s already a built in familiarity from an external partner. At Bank of America Merchant Services, we find tremendous value in understanding leading practices as well as leveraging the firm’s existing tools and frameworks. This support enables us to provide a more consistent, consultative audit approach in the long run that will enhance the business that ultimately enhances our client’s experience.

What are the biggest drawbacks? Cost and continuity of resources are typically the biggest drawbacks of outsourcing or co-sourcing. It is typical for a comparable resource at a service provider to cost approximately three to five times the hourly cost of an internal associate. However, this often makes sense if the resources are augmenting a team for a specific period of time or bringing unique expertise. As for continuity, sourcing relationships can be challenging if the people assigned are constantly changing. Besides the administrative aspects of onboarding, managing, and separating contractors, sourcing partners do not have the insight gained from being part of a company’s day to day operations. When I was at a Big Four accounting and consulting firm delivering internal audit sourcing services, I felt like I knew so much about my client’s business. However, after taking the general auditor role at Bank of America Merchant Services, I quickly learned that my knowledge and my team’s knowledge of the processes, risks, and controls were deeper and more relevant than in an outside role.

Are there more security concerns with outsourcing than having an in-house internal audit? Security concerns exist, just as they do with any third party. For us and the payments industry generally, our top priority is protecting our business’ proprietary information as well as our client’s information. Sourcing providers understand this concern and invest heavily to ensure their networks, servers, and infrastructure are secure and in line with the latest cybersecurity frameworks. At Bank of America Merchant Services, we have a strong Third Party Risk Management Program with which all sourcing providers must comply. Any outside firm must provide information about how data will be protected during a robust due diligence process before we engage with any vendor. This includes ensuring appropriate employee screening, training and security policies meet our standards. In conclusion, the security concerns are greater but in my view can be effectively managed with the right due diligence upfront and oversight throughout the relationship.
# ATLANTA'S TOP 25 ACCOUNTING FIRMS
RANKED BY NUMBER OF PROFESSIONALS IN ATLANTA

<table>
<thead>
<tr>
<th>Business name</th>
<th>Website/Phone</th>
<th>Address</th>
<th>Number of Atlanta professionals</th>
<th>Number of Atlanta CPAs</th>
<th>Number of Atlanta partners</th>
<th>Total full-time Atlanta staff</th>
<th>Number of U.S. offices</th>
<th>Partial listing of specialty services offered</th>
<th>Firm headquarters</th>
<th>Managing partner(s) in Atlanta</th>
<th>Year est. in Atlanta</th>
</tr>
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<tbody>
<tr>
<td>EY</td>
<td>ey.com</td>
<td>55 Ivan Allen Blvd., Atlanta, GA 30308</td>
<td>1,682</td>
<td>400</td>
<td>157</td>
<td>3,105</td>
<td>91</td>
<td>audit, information technology, tax, employee benefits, financial planning, business valuation, estate planning, mergers and acquisitions</td>
<td>New York Glenn Mitchell</td>
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<td>PwC</td>
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<td>1075 Peachtree St. N.E., Atlanta,GA 30307</td>
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<td>103</td>
<td>1,625</td>
<td>82</td>
<td>assurance, tax, and advisory services, including business transformation, responding to crises and sustainable change</td>
<td>New York Reggie Walker</td>
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<td>KPMG LLP</td>
<td>kpmg.com/atlanta</td>
<td>303 Peachtree St. N.E., #2000, Atlanta, GA 30303</td>
<td>1,275</td>
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<td>83</td>
<td>1,234</td>
<td>101</td>
<td>audit, tax, management consulting, risk consulting, data analytics and corporate strategy</td>
<td>New York Milford McGeirt</td>
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<td>Habil, Argeti &amp; Wynne LLP</td>
<td>hawlp.com</td>
<td>5 Concourse Pkwy., #1000, Atlanta, GA 30328</td>
<td>312</td>
<td>162</td>
<td>43</td>
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<td>Atlanta Richard Kopelman</td>
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<td>Grant Thornton LLP</td>
<td>grantthornton.com</td>
<td>1100 Peachtree St., #1200, Atlanta, GA 30309</td>
<td>258</td>
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<td>58</td>
<td>audit, tax, transaction advisory, valuation, internal audit, technology implementation, forensic, investigative and dispute services</td>
<td>Chicago Wale Weeks</td>
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<td>Frazier &amp; Deeter LLP</td>
<td>frazierdeeter.com</td>
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<td>audit, tax, forensic accounting, employee benefit plan consulting, internal audit/cosauditing, AIA compliance, SOC reporting, IT consulting</td>
<td>Atlanta W. Seth McDaniel David Deeter Christopher Ethridge</td>
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<td>Bennett Thrasher LLP</td>
<td>btlcpa.com/atlanta</td>
<td>362 Cumberland Dr., #1000, Atlanta, GA 30339</td>
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<td>Atlanta Rick Bennett</td>
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<td>Dixon Hughes Goodman LLP</td>
<td>dhgp.com/atlanta</td>
<td>191 Peachtree St., #7700, Atlanta, GA 30301</td>
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<td>assurance, tax, audit, local and international tax, compliance and advisory, health care consulting, fixed assets services</td>
<td>Charlotte, N.C. David Evans</td>
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<td>Cherry Bekaert LLP</td>
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<td>1075 Peachtree St. N.E., #7700, Atlanta, GA 30303</td>
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<td>technology, healthcare, real estate, international, SEC and private companies, risk/transaction advisory</td>
<td>Richmond, Va. Kip Houser</td>
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<td>RSM US LLP</td>
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<td>audit, tax, risk advisory, technology and management consulting, financial advisory and private client services</td>
<td>Chicago Michael J. Anderson Henry Nolen Rick Hoekstra Brian Homan Tony Wood</td>
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<td>BDO</td>
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<td>11</td>
<td>116</td>
<td>63</td>
<td>assurance and advisory services, executive compensation and benefits, ERISA, tax consulting and compliance, valuation</td>
<td>Chicago Kevin Smith Andrew Gibson Bob Pearson</td>
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<td>AGB LLC</td>
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<td>assurance, tax and advisory services for residential and commercial real estate, affordable housing, closely held businesses, healthcare</td>
<td>Atlanta Randy Gold</td>
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<td>Smith &amp; Howard</td>
<td>smith-howard.com</td>
<td>771 30th St. N.W., #1600, Atlanta, GA 30304</td>
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<td>10</td>
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<td>mergers and acquisitions, international, wealth management, manufacturing, construction, hospitality, real estate, non-profit audit/tax</td>
<td>Atlanta John W. Lucht</td>
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<td>Moore Colson</td>
<td>moorecolson.com</td>
<td>1640 Powers Ferry Rd., Bldg. 1, #100, Marietta, GA 30067</td>
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<td>audit, tax, business advisory, transaction/recovery, FIDC, SIC, SOC, estate tax, lender services</td>
<td>Atlanta Bert Mills</td>
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<td>Rodl Langford de Kock LLP</td>
<td>rdl.com/ci</td>
<td>225 Peachtree St. N.E., #1100 S. Terrace Pkwy., Atlanta, GA 30301</td>
<td>83</td>
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<td>95</td>
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<td>Moore Stephens Tiller LLC</td>
<td>mstiller.com</td>
<td>785 Johnson Ferry Rd., #527, Atlanta, GA 30342</td>
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<td>audit and assurance, tax planning and preparation, private foundation services, estate tax law credit protection</td>
<td>Atlanta Marcus Doudle</td>
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<td>Crowe Horwath LLP</td>
<td>crowehorwath.com</td>
<td>3399 Peachtree Rd. N.E., #7700, Atlanta, GA 30306</td>
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<td>23</td>
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<td>83</td>
<td>31</td>
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<td>Warren Averett LLP</td>
<td>warrenaverett.com</td>
<td>6 Concourse Pkwy., #4000, Atlanta, GA 30326</td>
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<td>Birmingham, Ala. Andrew Siegel</td>
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<td>Windham Brannon P.C.</td>
<td>windhambrannon.com</td>
<td>3630 Peachtree Rd. N.E., Atlanta, GA 30326</td>
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<td>tax, auditing and assurance, risk advisory services, health care consulting, strategic growth advisory, litigation and forensics accounting</td>
<td>Atlanta Heidi Lofranca</td>
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<td>Carr, Riggs &amp; Ingram LLC</td>
<td>cripa.com/atlanta</td>
<td>4160 Cherokee-Dunwoody Rd., #4200, Atlanta, GA 30341</td>
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<td>Enterprise, Ala. R. Kelly Bollinger</td>
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<td>HLB Gross Collins P.C.</td>
<td>hlbgrosscollins.com</td>
<td>3330 Cumberland Blvd., #9000, Atlanta, GA 30319</td>
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<td>45</td>
<td>9</td>
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<td>Atlanta Michael Bolling</td>
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<td>Mauldin &amp; Jenkins LLC</td>
<td>mjllc.com/atlanta</td>
<td>200 Georgia Pkwy., #1700, Atlanta, GA 30351</td>
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<td>Atlanta Donald Luster Jeff Fustini</td>
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<td>Porter Keade Moore LLC</td>
<td>pkmlc.com/atlanta</td>
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<td>audit and assurance, tax, risk advisory, regulatory compliance, SEC reporting, financial institutions</td>
<td>Atlanta H. Phillip Moore</td>
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</table>

1. A professional is defined here as one required to have continuing education hours. All figures are current as of February 2016.
2. Company submitted a statement of verification supporting figures.

SOURCES: Atlanta Business Chronicle research and the firms

It is not the intent of this list to endorse the participants or to imply that the listing of a firm indicates its quality. All information is based on responses to Atlanta Business Chronicle surveys. Please send corrections or additions to Patsy Conn at pcconn@bizjournals.com.
The importance of diversity and talent for tomorrow

As the Atlanta metro area’s growth once again returns following an economic recession, the demand for skilled and diverse business professionals, possessing the highest integrity is increasing dramatically.

Atlanta-based organizations are flourishing, and metro cities are vying for organizations to relocate their headquarters as new, innovative companies sprout up in the film, transaction processing, health care, and information technology areas. This expansion results in local talent constraints which cost businesses both growth and innovation opportunities, and the subsequent talent shortage hampers our ability to hire highly skilled internal auditors.

A survey of 444 chief audit executives published last year by the Institute of Internal Auditors (IIA) found companies are having trouble filling internal audit job openings, and more than half of the respondents (54 percent) cited increased competition for a limited pool of candidates as "a major concern."

New regulatory demands, such as those contained in the Dodd-Frank Act, are increasing the workload, especially in the financial services sector; meanwhile, the audit function is being asked to do more including auditing cybersecurity and operational controls.

The U.S. Bureau of Labor Statistics unemployment rate for accountants and auditors stands at 2.4 percent, well below that of other professions. The IIA Atlanta chapter is enhancing the quality of the local talent landscape.

Chapter leadership supports a diverse group of approximately 2,000 members, providing opportunities to learn, network, personally develop, and give back to their community.

Our members represent the most well known and innovative companies in the metro area including Fortune 500 businesses headquartered in Atlanta and over 400 public and private organizations, firms, government agencies, and banks/financial services.

Our programs provide unique member experiences, matching skill and abilities with a variety of needs. Our young professionals team leads and manages a network focused on new members of the internal audit profession with 10 years of experience or less. Last year they hosted a number of extremely successful events, including training seminars, community care volunteer events, a young professional's panel discussion at Kennesaw State University, speaking panels at the chapter’s monthly continuing professional education meetings, and other successful networking events.

Our new mentoring program enhances the development and advancement of internal audit professionals and tomorrow's leaders in the areas of auditing, accounting, finance, treasury, controls and process expertise, and leadership. We connect more experienced advisers or guides with less experienced professionals in a formal program designed to facilitate sharing of business and professional knowledge, skills, behaviors and perspectives. The internal audit community will benefit from a stronger local talent pool with deep-rooted trusted relationships.

A battery of networking events including our annual Atlanta conference in September, monthly educational programs, and new member breakfasts, provide our members the opportunity to integrate and network. We also host an annual awards event to recognize members that obtain IIA certifications and honor members for extraordinary contributions to the chapter or profession. The Atlanta conference is well attended (600-700) and draws current and potential members from businesses, public institutions, and universities throughout Georgia.

We have extended our network to include alliances with Kennesaw State University, ISACA, GACFE and most recently the National Association of Black Accountants (NABA). Students from Georgia colleges and universities and Atlanta organizations participate in events where students interview for internships and permanent positions, compete in a case competition, and network with professionals in our field. We also provide scholarships to local university students and provide two annual opportunities for young professionals to prepare for the Certified Internal Auditor accreditation.

Additionally, we co-hosted a women’s learning event and founded a direct report roundtable for those who work directly for a chief audit executive. Currently, IIA membership consists of approximately one-third of each of baby boomers, Generation X, and Generation Y. In five years Generation Y will make up the majority of our members, so we are soliciting their input to identify other ways that we can more effectively use technology, promote information sharing, and meet their needs. Our focus on diversity and inclusion will help all of our members work together to achieve better professional results.

The book “Execution: the discipline of getting things done,” describing the link between aspiration and results has been the mantra of the IIA Atlanta chapter for the last decade.

With the current emphasis on young professionals, our successful leaders are mentoring and listening to the internal audit leaders of tomorrow to continue a successful Atlanta chapter and strong community of internal auditor professionals.

A survey of 444 chief audit executives published last year by the Institute of Internal Auditors found companies are having trouble filling internal audit job openings, and [54 percent] of the respondents cited increased competition for a limited pool of candidates as "a major concern."
The 11th Annual
Atlanta Conference (TAC)
September 16, 2016
The Cobb Galleria
8 CPEs

Registration is open. Please contact registrar@theatlantaconference.net for more information.

TAC 2016 Keynote Speakers:

Richard Chambers, CIA, QIAL, CGAP, CCSA, CRMA—President and CEO, The Institute of Internal Auditors

Laura Patterson, CIA, CPA—Chief Audit Executive, Southern Company

Roger Tutterow, Ph.D.—Professor of Economics & Director, Econometric Center, Kennesaw State University

Ed Robinson, Motivational Speaker and Author

General Session Expert Panel Members

Kathryn Epps, Ph.D.
Assoclate Dean
Kennesaw State University

Paul McClung, CIA
VP, Internal Audit
WestRock

Milford McGuirt, CPA
Atlanta Office Managing Partner
KPMG

Ed Robinson, Motivational Speaker, Author

Winning the Succession Race to be Extraordinary Leaders

Is your organization experiencing change? Are the professionals in your industry being challenged by new ways of doing business, industry or regulatory changes? Are your leaders driving high performance results? This high impact program cultivates the best in your leaders and shows them how to serve as role models to enhance organizational performance. Besides developing leaders for success, Ed’s keynote helps professionals to accomplish more objectives with greater results at a faster pace than ever before. Participants learn to understand the key strategies they need to use as coaches and mentors to produce high payoffs in their staff with little or no expense. Participants leave the program enthused, motivated and empowered to take action.

Ed Robinson, Certified Speaking Professional (CSP), is an author, former CPA, Business Growth Strategist and speaker who has proven strategies to Motivate professionals, Develop leaders and Grow revenue. As CEO of Rainmaker Performance Group he serves clients in the professional service field. Ed’s Strategies improve performance and help professionals manage change regardless of economic times and challenges! Ed is the author of The Rainmaker’s Strategies for Business Growth™, 4 Giant Steps to Leadership™, From Fighting the Storm to Dancing in the Rain™ in addition to The Million Dollar Rainmaker. He is the dean of the Rainmaker Marketing Institute, and Leadership University that focus on leadership and professional development.