



Internal Audit Co-sourcing

Overview

PCC was retained by the Director of Internal Audit to perform a detailed audit of the control processes for a \$70M department within a \$400M organization

Approach & Methodology

- Conducted on-site interviews of key personnel
- Prepared detailed flowcharts of control processes, including identification of control weaknesses
- Quantified potential exposure resulting from insufficient controls
- Responded quickly and discretely to management’s concerns regarding the insufficiency of controls
- Identified and obtained pertinent electronic and paper documentation
- Utilized ACL software to review seven months of data (approximately 1.7 million transactions) for potentially as follows:
 - quantified transaction by type, frequency and amount
 - identified trends characteristic of normal transactions
 - identified potentially fraudulent transactions
- Conducted thorough review of individual transactions to identify specific examples of possible fraud
- Performed reconciliation analysis and documented procedures for implementation of new controls
- Conducted on-site surveillance of client’s personnel
- Tested results of data analysis against actual observations
- Identified and proposed short-term and long-term process improvements

Benefits

- Provided detailed and practical recommendations to improve processes and controls

PCC identified potential fraudulent activity of approximately \$5M per year. PCC was successful in assisting the client’s internal audit team in implementing cost-effective controls and procedures.