

Crowe technology sector
risk consulting

crowe.com

Determining the right internal audit model

Expectations from executive management and audit committees are rising, which greatly challenges the internal audit (IA) functions of high-tech organizations.

Many companies struggle with recruiting, training, and retaining IA talent, as well as with managing the global scope of expanding operations. Administrative costs and the quality of IA conclusions being delivered have prompted some executives and audit committee members to reassess their IA models.

Building a stronger approach

Selecting the best model for each organization is an important step that better enables IA to fulfill its audit plan and accomplish its mission. Crowe can help semiconductor, computer hardware, software, and Internet hosting companies weigh the alternatives.

Crowe helps these high-tech organizations consider factors such as IA cost, staffing flexibility, and maturity levels in four fundamental areas:

- Assurance
- Performance improvement
- Compliance
- Risk identification

Differentiating the approaches

One size does not fit all organizations, and even similar companies in high-tech industries can benefit from using different IA operating models. The selected framework also must be capable of adapting to change within each organization and flexible to respond to external business conditions.

The three most common models and reporting structures are:

- **In-house.** The chief audit executive (CAE) typically reports directly to the audit committee and reports administratively to the CFO, CEO, or general counsel. Internal auditors are employees of the company.
- **Co-sourced.** In-house and co-sourced resources can be integrated or maintained separately. The co-sourcing provider reports directly to the CAE (or designate), who typically reports directly to the audit committee and administratively to the CFO, CEO, or general counsel.
- **Outsourced.** Internal auditors are employees of the outsourcing provider. An executive-level resource from the third-party provider assumes the role of CAE and reports, in most cases, directly to the audit committee and administratively to the CFO, CEO, or general counsel.



About crowe high-tech services

For the innovative and demanding technology sector, Crowe helps semiconductor, computer hardware, software, and Internet hosting companies address complex business issues that can hold back achievement of strategic objectives. The Crowe high-tech services group brings together accounting, consulting, and technology professionals in a highly collaborative and productive global team. Its wide range of competencies and extensive industry experience combine to produce pragmatic solutions that can help high-tech clients build their businesses.

Learn more

Matt Bowser, Principal
+1 317 208 2432
matthew.bowser@crowe.com

Ray Cheung, Managing Director
+1 415 230 4971
ray.cheung@crowe.com

Benefits of the right IA model

At a time when IA is expected to deliver more, it is critical to apply the right IA model and the most effective combination of resources. The Crowe approach to IA support is adaptable and designed to:

- Help you resolve staffing issues when IA recruiting and retention have been difficult
- Give you the data you need to provide sufficient coverage for international operations and address technology issues
- Provide enhanced flexibility and reduce administrative costs
- Deliver insight into a wider range of strategic and operational issues

Supporting your business objectives

The search for experienced talent is why many high-tech companies turn to Crowe as a trusted IA co-sourcing and outsourcing resource. Crowe offers many strengths, including:

- Industry experience in the semiconductor, computer hardware, software, and Internet hosting sectors
- Access to global talent to bring together specialized knowledge as needed

- Use of information systems and data-mining capabilities
- Operation of a central function for quality control

Crowe is committed to meeting critical timelines while remaining flexible to deal with unplanned change. The Crowe approach during audit planning helps anticipate potential barriers early, in time to suggest effective alternatives.

Leveraging technology

To meet rising expectations and requirements, it is crucial that IA teams take full advantage of technology. Crowe has developed an inventory of advanced methodologies, tools, and approaches to risk identification and assessment. These tools are calibrated to address the specific challenges facing each organization.

Crowe uses proprietary software, when appropriate, for self-assessment, case-based sampling, and regression analysis. Additional tools include risk interrelationship modeling, diagnostics for assessing organizational attributes and risk culture, and decision-supported risk prioritization. Crowe specialists also use risk assessment surveys, data analytics, and stress and scenario testing.

Selecting the best for your organization

Crowe tailors its IA model assessments, co-sourcing, and outsourcing engagements to address current needs and support the long-term objectives of each high-tech organization.