Why global businesses need global audit networks

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Leading audit networks have grown in response to the needs of the market. As companies have become more global, they have required their auditors to provide consistent quality service across the world.

To conduct quality audits, firms need expertise in many areas such as tax, valuation, risks and systems – as well as the ability to keep pace with constantly changing regulations, standards and industries.

Large multi-disciplinary networks are essential for providing global businesses with high-quality audits. This document illustrates why.
Why global businesses need global audit networks

Multinational corporations are growing in scale and complexity... resulting in millions of transactions every day

Complex in their own unique ways
- Complex ownership structure and family tree
- Complex regional/subregional/functional structure
- Complex extra and intra-business transactions
- Complex supply chains

Bigger than ever
- Valued in $billions
- Earning $billions
- Employing 100,000+ people
- Based in 100+ locations
- Producing 100+ product and/or service brands
- Used by billions of customers every day
- Contributing to 100s of local economies
- Spending $billions on goods and services every year

A Global Group

In more places than ever
- More countries
- More markets
- More cultures
- More currencies
- More languages
- More legislative and regulatory regimes

Transacting in more ways than ever
- Out-sourced
- Co-sourced
- Multi-media
- Multi-channel

More diverse than ever
- Sophisticated R&D. Marketing and HR operations
- Dynamic M&A environments
- Multi-faceted financing activities
- Vast IT systems
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The structure of a group evolves over time...
and can become extremely complex

Global aggregation and consolidation
Millions of transactions take place continuously across group businesses, time zones, reporting timescales, national and regional boundaries, legal and regulatory regimes... by operations, by product types, by market, etc.

Continuous evolution and change
Growth and diversification, through mergers and acquisitions, happens all the time to stay competitive in a complicated world

Multiple reporting requirements
Constantly changing and evolving in different ways in different countries around the world... resulting in tens of thousands of pages of financial information

Resourcing demands
Continuous pressure on accounting function to keep pace with change, to expand its expertise base, to understand evolving markets and regulatory regimes, to achieve strength in depth and consistency in hundreds of locations around the world

This example is illustrative, based on real examples, and may differ from company to company, and jurisdiction to jurisdiction.
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Auditors of today’s global businesses face difficult questions... and are required to communicate frequently with many diverse stakeholders

**Understanding**
- How to make sense of uniquely complex and continuously evolving global organisations in the context of a complicated and continuously changing world?

**Planning**
- Where to start?
- Where to concentrate finite resources?
- Where to go to cover sufficient ground to ensure conclusions are ‘universally’ valid?
- Which specialists to deploy, where, when and with which other experts?

**Assessing**
- Are client control systems robust and can they deliver enough information?
- Do we have enough evidence?
- Have we considered the interests of all stakeholders – investors, regulators, the public, the economy, our people, etc?
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Requiring the coordination of expertise from a range of specialists and audit teams across the world

Timing
How do you schedule year-specific projects in a real world that runs to real time pressures?

Resourcing
Staffing an engagement brings about a wide range of questions, including for example:
- Do we have enough auditors in China?
- Do we have a specialist treasury team in Lisbon?
- Can we get an IT system specialist to Rio by Tuesday?
- Who's our compliance guy in Sydney?
- Who runs our valuation team in Delhi?

One audit team
750+ people
150+ partners
100+ locations

This example from a global banking group, is illustrative, and may differ from company to company, and jurisdiction to jurisdiction.
All done within rigorous global and local quality and independence requirements

Ensuring quality

- With client oversight by those charged with governance (typically the audit committee or equivalent)
- May also include external audit quality review by regulators

Delivering quality with support

- Policies, procedures, standards and methodology
- Auditing and accounting experts
- Reporting experts
- Independence experts
- Regulatory experts
- Industry experts

Selecting clients

Cultural underpinning

People development
Risk management
Review and consultation

Client acceptance and retention procedures

Audit execution (PwC worldwide methodology)

Team manager review

Local partner review

Group audit team review

Group engagement partner review

Partner quality review

Quality control review

Independent of client

Independent of audit team
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And all of this is just for one year... the audit team must keep up to date with industry and company changes
Global businesses need global auditors

The fact is: only audit networks with global resources that mirror today’s global businesses can really provide credible assurance on their financial information around the world...
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To audit today’s global businesses auditors require global presence

Global reach
Where clients need them, when they need them

Global resources
Systems capable of handling global projects and catching the standards of global businesses

Global expertise
The right people with the right range of skills in the right places at the right time

Global credibility
A track record that reassures global businesses and those who scrutinise them

Global confidence
Sufficient certainty in themselves to place their reputation on the line – to sign off financial statements as ‘properly prepared’, to take an informed view on their ‘truth and fairness’

The PwC Network
158 countries
776 locations
180,600 PwC people