

Internal audit outsourcing and cosourcing A flexible solution for self-managed Alternative Investment Funds



New regulatory challenges

One of the consequences of the financial crisis has been the unprecedented regulatory pressure on financial institutions. In Luxembourg, the EU Directive on Alternative Investment Fund Managers (AIFMs) has emerged as one of the most challenging new regulations for self-managed AIFs. The Directive has introduced a specific obligation for self-managed Alternative Investment Funds (AIFs) to adopt a permanent Internal Audit function, as specified in the application form for self-managed AIFs

In this context, setting up and maintaining a well-proportioned and efficient internal audit function is vital in order to support all of the organisation's stakeholders—and more specifically the executives and board members—in fulfilling their increasing responsibilities in terms of governance, risk management and control.

Have you ever wondered?

- Is the methodology we use for asset calculation questionable?
- Is the liquidity management system we have in place sound and reliable i.e. maintaining an appropriate level of liquidity, monitoring the liquidity profile, performing regular stress tests?
- Is the supervision of activities we delegate in line with regulatory expectations?
- Are our organisational controls appropriately designed? Are they operating effectively?
- How can we keep up with a constantly evolving regulatory environment?
- As a member of senior management or a board member, do I successfully fulfil my leadership and supervision responsibilities?

How can Deloitte help you?

At Deloitte, you will find the internal audit management solution that is most suited to your needs.

Your issue	Our solution	Our strength
Your internal audit is understaffed during 'crunch time'	During peak periods, gain access to additional qualified staff	Flexibility
You do not have the skills required in-house to execute specific internal audits	Deloitte has the depth and breadth of resources to bring the right mix of skills	Multidisciplinary knowledge
Your internal audit staff lacks the methodology and tools to readily identify and mitigate risk	Gain access to proven methodologies and tools to achieve a broader risk perspective	Insight
In-house costs are fixed and may be difficult to maintain	Only pay for the resources you need and use	Cost reduction
Your internal audit staff lacks access to leading practices and automated tools	Deloitte leverages the latest benchmarking and analytical tools	Tools and methodologies

The Deloitte approach

The Deloitte approach is based on risks and processes and contributes to significantly improving internal audit effectiveness and added value.

Deloitte's teams rely on a well-proven, modular approach, tailored to specific needs on a case-by-case basis, to account for the size and specific features of the Alternative Investment Fund Management industry.

Deloitte's made-to-measure services specifically include:

- Outsourcing or cosourcing of your internal audit
- Creation and implementation of your internal audit function
- Optimisation of your internal audit function
- Internal audit training

Deloitte's expertise covers the following areas:

- Risk assessment
- Regulatory compliance review
- Fraud assessment, detection and forensics
- Financial risk modelling
- Complex asset valuation
- Due diligence
- Pan-European tax reporting
- Operational efficiency and effectiveness
- Business continuity programmes
- Data quality and integrity analysis
- Liquidity risk management
- Fund distribution
- Fund reporting
- IT security and privacy

The Deloitte difference

Deloitte is recognised as leader in internal audit services. By choosing Deloitte, you will benefit from:

- **Increased coverage and value in the services provided by your internal audit** with access to specialists who have highly specialised expertise in internal audit, proven experience in the AIFM industry and in-depth knowledge of the applicable regulations
- **Greater precision in assessing your risks**, by being proactive and objective in identifying areas of risk before they become a problem
- **Better control of internal audit expenditure**, by only paying for the necessary productive work time. Deloitte's services allow you to reduce administrative and indirect costs, and to reduce or eliminate training, recruitment and staff retention costs
- **An independent and impartial approach based** on analysing objective criteria
- **Appropriate, recognised technologies and methodologies**: Deloitte's internal audit specialists use the very latest methodologies as well as automated processes and tools to analyse your organisation more effectively

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