

AuditOne Advisory

From Bud Genovese, Chairman

Should You Choose One or Multiple Internal Audit Vendors?

Budgets and time are tight everywhere, and many bank industry risk management professionals now face the question of whether it makes economic sense to have their internal auditing and credit review performed by one comprehensive vendor or multiple vendors.

As many of you know, I pioneered the concept of gathering experts in all bank internal audit and credit disciplines under one roof in order to provide cost-effective, comprehensive services. So obviously, I have a particular point of view on this subject, and I hope you'll forgive my forthright airing of it.

While AuditOne certainly gives our clients optimum freedom of choice and provides targeted audits for specific areas, we do have a preference for the wisdom, efficiencies and cost-savings of the comprehensive approach. Here's why.

The best reasons for choosing one vendor for a comprehensive internal audit/ risk management program is because it reduces the bank's time, cost, and headaches of managing multiple vendors.

- With one vendor, you have one contact organizing the various audits throughout the year.
- You get a consistent style of audit procedure, scheduling, communications, and audit reporting.
- Your Audit Committee has access to one firm that knows the entire audit program.
- You don't have to spend your time or bother the Board with multiple approvals for multiple vendors.
- You can spend less of your valuable time managing the paperwork and oversight of various uncoordinated vendors and devote more time to meeting the challenges of the current business environment and demands of the regulatory environment.

You can better control costs through a comprehensive, risk based approach to your annual audit plan, spreading lower priority audits over several years. Redundancies, audit scoping gaps, missed audit deadlines, internal communications, and other problems of managing several vendors are avoided with the comprehensive approach. You won't experience the last minute panic associated with an audit that was overlooked or slipped through the scheduling cracks. And your time spent on due diligence -- whether contacting references or checking for proper vendor insurance and work processes-- is vastly reduced. You can assign one internal bank contact to coordinate the bank's entire internal audit / risk management plan.

Now, let's look at the main reason some banks choose several different vendors. There exists the perception that the single audit provider is a true expert. But that's exactly why I've worked so hard to locate, hire and retain the very best banking-specific internal audit expertise in the business.

Each month in this space, I profile the background of an AuditOne auditor. Our staff averages over 20 years of hands-on experience working inside banks and regulatory agencies. We have deep banking expertise in all audit areas including BSA, IRR, GLBA, Compliance, Credit Review, Fair Lending, Operations, Trust, IT and Network Vulnerability & Penetration Testing, among others. No one at AuditOne is learning on the job. I'll put our team's expertise up against any other single provider vendors, large or small.

So, when you add everything up, one comprehensive internal audit vendor saves you time, money, headache, and regulatory worry. Give me, or Kevin Watson (kevin.watson@audit-one.com, 562-802-3581) or Jeremy Taylor (jeremy.taylor@audit-one.com, 562-802-3581) a call to discuss your internal audit strategy and plans, and we can turn that concept into reality for you. Thank you.

*Bud Genovese is Chairman of AuditOne LLC, a California-based internal audit firm that focuses only on banks and their service providers. Mr. Genovese pioneered the concept of providing comprehensive, affordable, independent internal audit and credit review services by gathering wide-ranging, extraordinary expertise within one firm. AuditOne now serves over 160 clients throughout the Western United States, and **nationally**. Contact Bud Genovese at 408-980-8099 or bud.genovese@audit-one.com*