

Why global businesses need global audit networks

October 2012

Introduction

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.

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

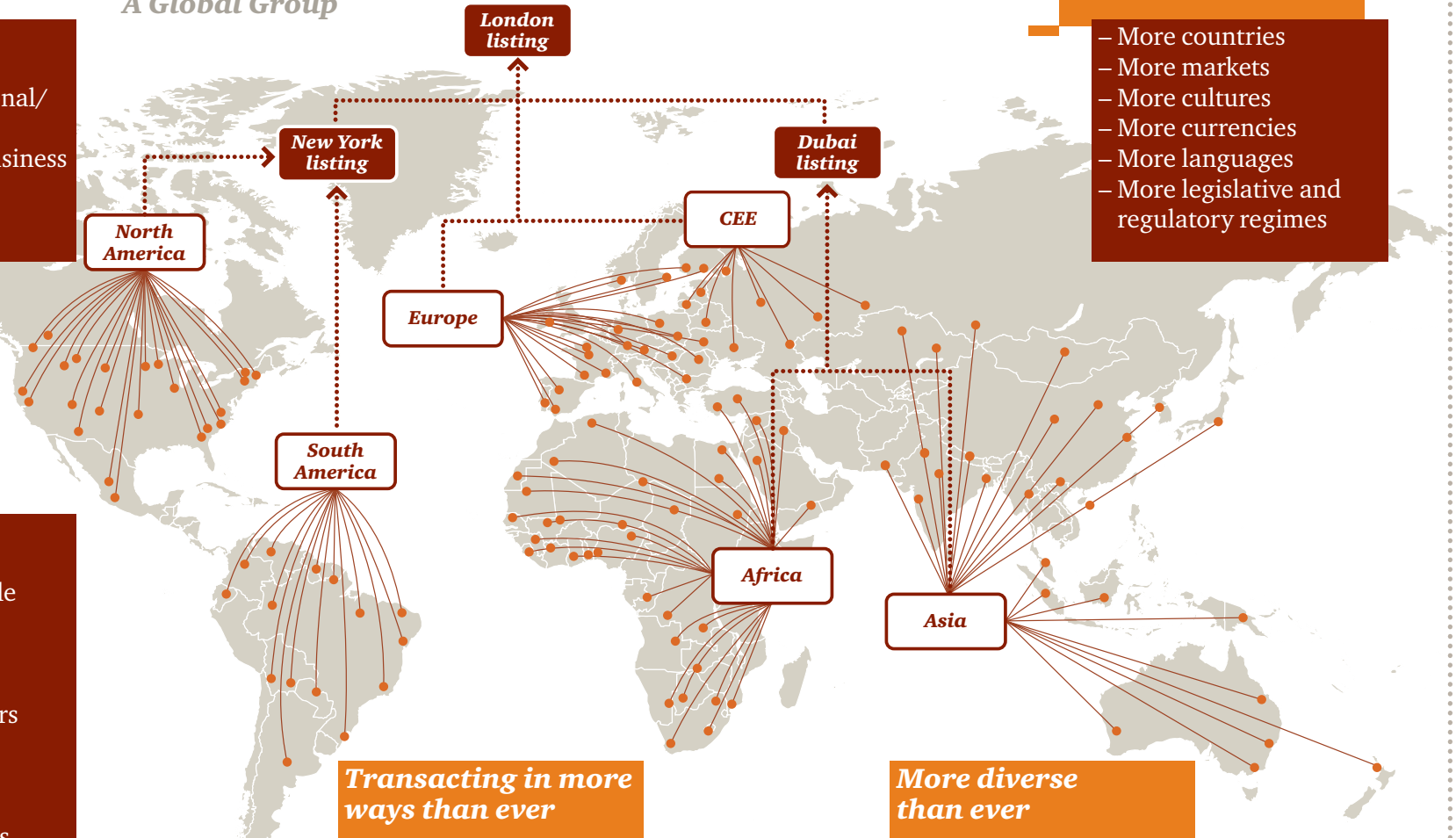
In more places than ever

- More countries
- More markets
- More cultures
- More currencies
- More languages
- More legislative and regulatory regimes

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



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

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.

Multiple reporting requirements

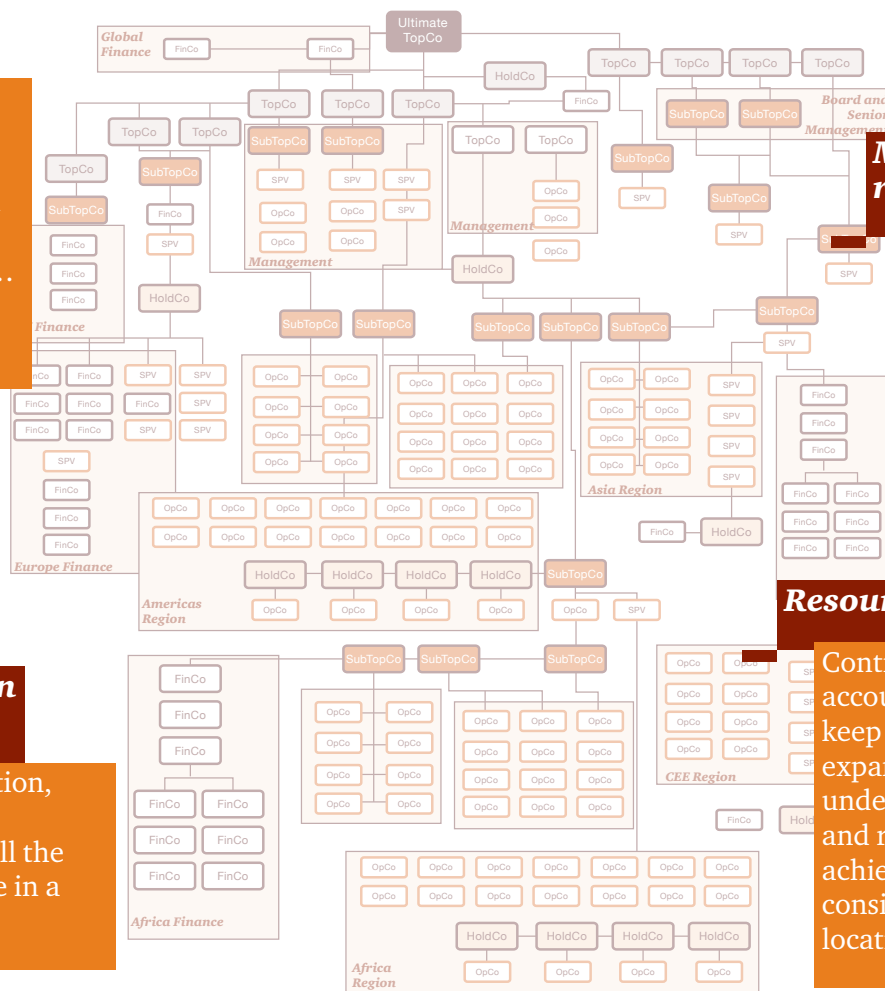
Constantly changing and evolving in different ways in different countries around the world... resulting in tens of thousands of pages of financial information

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

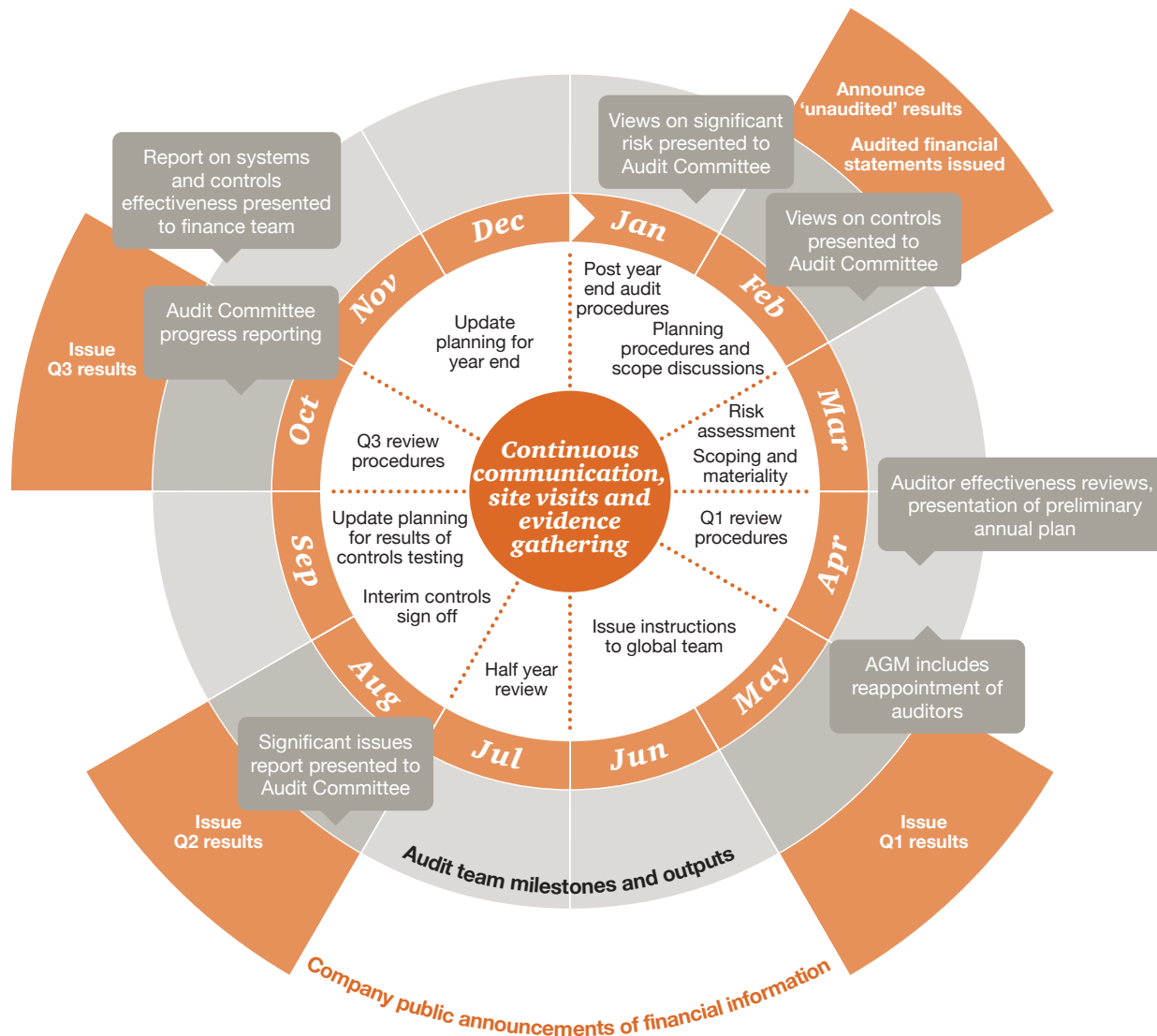
Continuous evolution and change

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



This example is illustrative, based on real examples, and may differ from company to company, and jurisdiction to jurisdiction.

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?

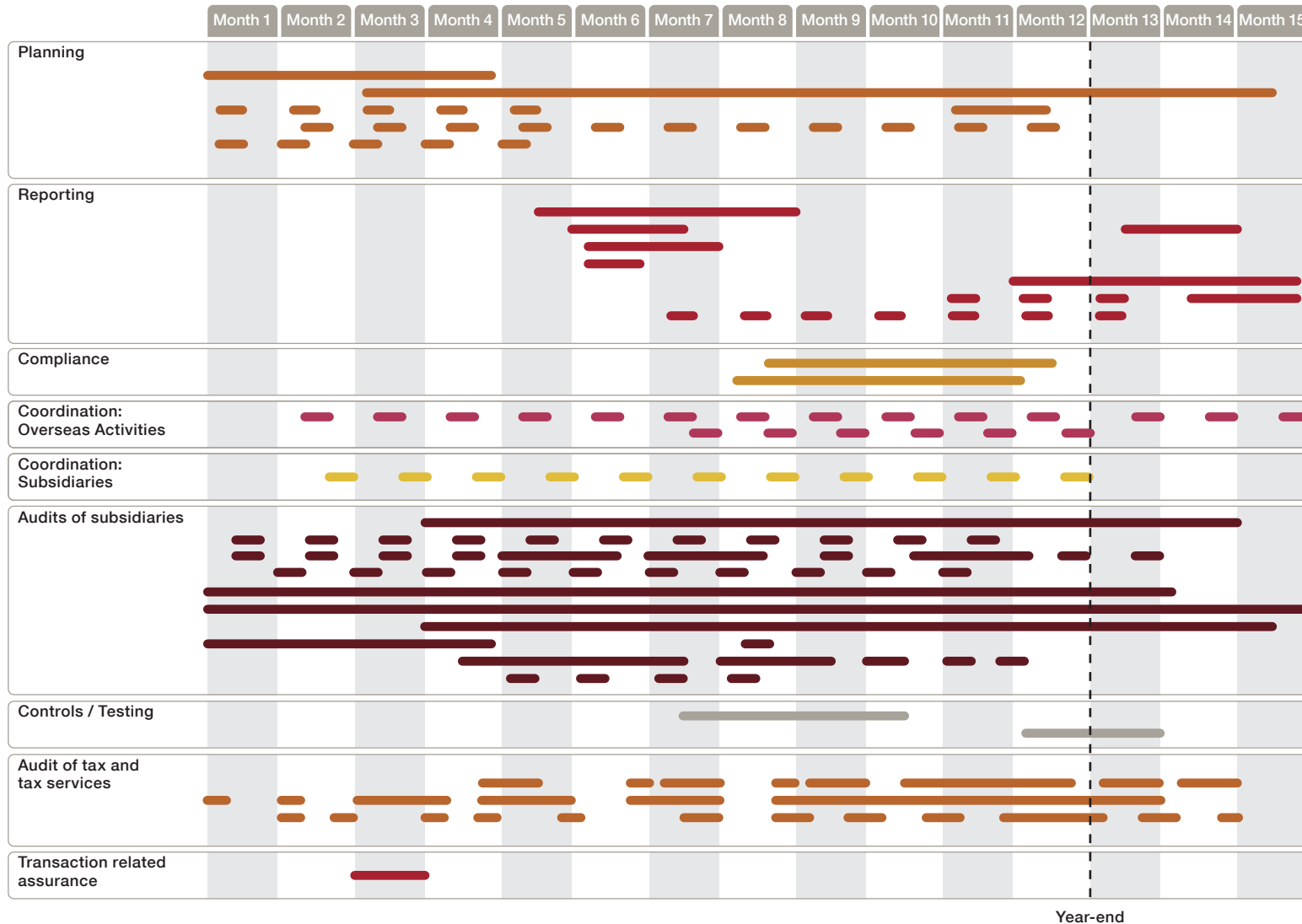
Planning

- 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?

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



***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...

To audit today's global businesses auditors require global presence

Global reach

Where clients need them, when they need them

Global credibility

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

Global resources

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

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'

Global expertise

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

The PwC Network

158 countries

776 locations

180,600 PwC people

North America and the Caribbean
44,900
people

Western Europe
60,900
people

Central and Eastern Europe
7,900
people

Asia
37,800
people

Middle East and Africa
11,000
people

South and Central America
12,200
people

Australasia and Pacific Islands
5,900
people

