Case Study 3
Abridged Version

PERFORMING A BLENDED CONSULTING ENGAGEMENT

LEARNING OBJECTIVES

■ Understand and document the engagement customer’s expectations for planned consulting engagements.
■ Identify and document the appropriate scope of planned consulting engagements.
■ Determine and create appropriate work programs to support planned consulting engagements.
■ Perform planned consulting engagements.
■ Determine and document appropriate results and conclusions for completed consulting engagements.
■ Communicate final consulting engagement results to the engagement customer.

This is an abridged version of the case study that focuses more on the execution of the consulting engagement and not on the risk assessment in selecting the consulting engagements to participate in. This abridged version can be more easily adopted to fit the time requirements of a beginning internal audit class and still meet many of the objectives of understanding the consulting engagement process.

Internal consulting engagements vary dramatically by internal audit function, environment, and organization. As chapter 15, “The Consulting Engagement,” makes clear, the internal audit function is uniquely positioned to add value and make an impact on the organization when performing consulting engagements. The current increased focus on an organization’s system of internal controls by regulators, independent outside auditors, and management means that internal audit functions are asked more frequently to provide advice, facilitate activities, and train managers on the effective design, implementation, and operation of governance, risk management, and internal control processes. This case study uses a fictional, multinational financial institution as the context within which to explore a number of those consulting opportunities that real-world organizations pursue as they address the issues they are struggling with today. Through these engagements, the internal audit function may provide the organization with insight regarding significant events or provide additional assurance related to an area where additional assurance is desired.

Because consulting engagements are often done on a one-time basis and have not been performed before, they require extensive research and planning. And, just as internal auditors are required to have their research prepared in advance of a consulting engagement, the same is expected of students before they begin this case study. Because this case study simulates the environment of the financial services industry, students should do as much research as is required for them to have an understanding of the financial services industry and be able to quickly access the knowledge acquired as needed throughout the case study.
As indicated in chapter 15, many engagements can be considered blended consulting engagements since they contain both consulting and assurance elements. The authors believe this is so common that the examples and activities in this case study are designed to illustrate how engagements can contain both elements.

**PERFORMING CONSULTING ENGAGEMENTS**

Resources for consulting engagements are allocated in much the same way they are for assurance engagements. Implementation Guide 2230-1 advises that when determining the appropriateness and sufficiency of resources, “it is critical that internal auditors assigned to an engagement possess the necessary knowledge, skills, experience, and additional competencies to perform the engagement competently and thoroughly.” While the specific skills and experience may differ somewhat from assurance engagements, the thought process for determining appropriate resources must be equally rigorous.

Once the consulting engagements are scheduled and the appropriate resources have been allocated, the internal audit team assigned to each specific consulting engagement must meet with the parties involved to gain a detailed understanding of the engagement customer’s expectations. Standard 2300 states that the internal audit function “must identify, analyze, evaluate, and document sufficient information to achieve the engagement’s objectives.” The success of consulting engagements is highly dependent on the internal audit function’s ability to understand and document the engagement customer’s objectives.

Understanding and documenting the customer’s objectives allows the internal audit function to create an effective and efficient work program. The work program will include the detailed procedures to be performed by the internal audit team that are necessary to accumulate the evidence and documentation required to validate assumptions or test hypotheses discussed with the engagement customer when gaining an understanding of the engagement expectations.

Once the work program has been established, the internal audit team will perform the work outlined in the program. In many cases, the steps and audit procedures may be modified based on additional information or previous work. This is due to the fluid nature of these assignments. As the work is performed, the results should be documented as they become known. This is important for two reasons. First, there needs to be a record of the work performed that will be available to parties who might have an interest at some future point. These parties may include the customer, board of directors, independent outside auditors, regulatory bodies, etc. Second, the internal audit team will rely on the documented results to support advice given in response to the consulting elements of the engagement, and the overall conclusions and recommendations provided to address the assurance elements. Without an accurate record of the work performed, internal auditors have a difficult time substantiating engagement advice and conclusions and formulating meaningful recommendations that add value.

Exhibit CS 3-1 Work Program Example illustrates a work program for an engagement that has both a consulting objective and an assurance objective (that is, a blended engagement).
CASE STUDIES

Performing a Blended Consulting Engagement

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CASE STUDIES Case Study 3: Abridged Version
Performing a Blended Consulting Engagement

Engagement Work Program: Client Data Conversion

**Engagement Objectives:** As agreed to with management, our objectives are to:

1. Provide advice to the Client Data Conversion Project team on current leading practices for managing data conversion projects.
2. Assess whether the project team completed all steps required by the revised data conversion methodology to support an accurate, effective, and efficient data conversion.

**Engagement Customer Objective:** The Client Data Conversion Project sponsor stated that his objective is to ensure that systems and processes appropriately support an accurate and timely conversion of client data. This includes:

- The data conversion process must be designed and conducted in a manner consistent with leading practices. This includes documentation of all key judgments and decisions.
- Functional gaps between legacy BUS and Bank of China systems must be identified and addressed.
- Systems and processes must support an accurate and timely conversion of client data (including accounts, assets, and web experience).
- Required regulatory approvals must be obtained to proceed with the Client Data Conversion Project.
- Project, technology, and operational risks must be identified and managed.

**Overall Business Risk:** Failure to manage effectively the Client Data Conversion Project may result in client data that is not complete and/or accurate, which could adversely impact servicing those clients in the future and result in regulatory fines or sanctions.

**Steps to Perform:**

- **Engagement Objective #1**
  - Research leading project management and data conversion practices.
  - Based on discussions and observations, identify differences between the current data conversion methodology and leading practices. Specifically evaluate planned steps, communications, monitoring, and documentation activities.
  - Meet weekly with project management to provide observations and identified gaps between leading practices and the current methodology. Facilitate discussion, as appropriate, to help project management determine which new practices they would like to implement.

- **Engagement Objective #2**
  - Validate that the project team has tested the reliability of automated data conversion routines for mapping of conversion data.
  - Assess whether the quality assurance (QA) function has appropriately completed its testing, validation, and documentation to support its signoff.
  - Observe mock runs for the conversion projects. Determine whether the project team has initiated appropriate actions to address any issues identified during the mock runs.
  - Observe Integration Steering Committee updates on the conversion status and determine whether all key steps are being completed timely.

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EXHIBIT CS 3-1
WORK PROGRAM EXAMPLE
Because of the time urgency associated with many consulting engagements, communication to the customer should be frequent during the execution of the engagement. This communication can take many forms, but in the interim stages of the engagement, it is often done orally or through conference calls and/or email. Often, consulting engagement communication is tied to specific dates of importance throughout the engagement (milestones) and key decision points. The type of communications will also be influenced by the scope of the consulting engagement (for example, full-scope, limited-scope, pre-conversion, or post-conversion review).

Communicating final consulting engagement results to the customer is the last step in a consulting engagement. As with the interim communication, the final communication can take on many forms. Often, communicating final engagement results is less formal than it is for assurance engagement results and is often documented in a memorandum rather than in a formal report. The format and formality of the final communication will be driven by what was agreed upon with the customer. In some cases, the customer may require a verbal sign-off, for example, prior to a system conversion or major initiative. This verbal sign-off indicates that the internal audit function has completed its engagement steps, adequately reviewed the risks and corresponding controls, and is satisfied that the project should move forward. Representatives from the internal audit function may be included with representatives from a number of other groups required to sign off on a major project. The final communication should include the details of monitoring or follow-up required or agreed upon with the customer. Exhibits CS 3-2 Interim Consulting Engagement Communication (Email) and CS 3-3 Final Consulting Engagement Communication are examples of interim and final communications for a consulting engagement.
**Client Data Conversion Project**

**Engagement Status and Next Steps**

- **Data Conversion Methodology**
  - Completed assessment of data conversion methodology and discussed gaps between the current methodology and leading practices with project team members during weekly meetings.
  - Provided advice to project team on actions that will help to address the identified gaps. Based on follow-up discussions, it is our understanding that all contemplated actions have been implemented.

- **Data Conversion Project**
  - Reviewed the automated data conversion routines, noting that they were fully tested and signed off as complete and accurate by the project team.
  - Reviewed the QA test plan for the asset conversion and sample documentation used by QA for testing, including balances worksheets and file conversion status. Worked with QA associates while conducting the demographic testing and observed the testing they performed with the source systems. No exceptions noted.
  - Participated in first mock run and provided suggestions on ways to address issues that arose during that run.
  - The following steps are planned:
    - Monitor whether the conversion weekend execution plan is executed in accordance with the plan, including critical path tasks, adequate communications, and timely issue resolution.
    - Evaluate the steps performed by the project team to ensure the accuracy and completeness of the account data conversion.
    - Monitor the actions carried out relating to position custody conversion (stock, bonds, mutual funds, options, etc.), including physical custody transition and secure, authorized movement of the securities.
    - Monitor the steps to ensure an accurate cash management conversion, including cash account ownership transition and secure, authorized movement of cash.
    - Obtain evidence of regulatory compliance, including the requirements with respect to net capital calculations.
    - Validate that key balancing and reconciliation controls are operating post conversion (such as depository reconciliations).
  - Fieldwork to occur over and after conversion weekend.
  - We expect to issue our report on or about May 20, 20XY.

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EXHIBIT CS 3-3
FINAL CONSULTING ENGAGEMENT COMMUNICATION

TO: Kerry Fish, Acting CIO and Co-chair – Integration Steering Committee
Julie Sangren, Managing Director and Co-chair – Integration Steering Committee

FROM: LENNY MORITZ, AUDIT CONSULTING MANAGER, BUS Financial Services

SUBJECT: Bank of China CLIENT DATA CONVERSION

REPORT DATE: May 20, 20XY

Internal auditing completed a project agreed to with management in connection with the Bank of China Client Data Conversion Project. The objectives of this project were to 1) provide advice to the Client Data Conversion Project team on current leading practices for managing data conversion projects, and 2) assess whether the project team completed all steps required by the revised data conversion methodology to support an accurate, effective, and efficient data conversion.

Given that management’s objective for the data conversion project was to ensure that systems and processes appropriately support an accurate and timely conversion of client data, we designed our procedures to assess whether:

■■ The data conversion process was designed and conducted in a manner consistent with leading practices. This includes documentation of all key judgments and decisions.
■■ Functional gaps between legacy BUS and Bank of China systems were identified and addressed.
■■ Systems and processes supported an accurate and timely conversion of client data (including accounts, assets, and web experience).
■■ Required regulatory approvals were obtained to proceed with the data conversion project.
■■ Project, technology, and operational risks were identified and managed.

PROJECT RESULTS

Overall, the project was conducted in a manner that is consistent with leading practices. Over the course of the project, we identified several gaps between the current data conversion methodology and leading practices. The project team addressed all identified gaps on a timely basis. Based on the results of the verification procedures we performed, and assuming timely resolution of the significant concerns discussed below, we believe the project team followed all appropriate steps in accordance with their methodology to support an accurate, effective, and efficient data conversion. Therefore, we believe management can prudently move forward with the Bank of China Client Data Conversion scheduled for May 31, 20XY.

SIGNIFICANT CONCERNS

CAT Testing – Validation testing for the CAT application has not been completed and there are outstanding defects related to the system. Management has high confidence that testing will be completed and all critical defects will be resolved prior to the conversion of client data.

Functional Gap Completion – Several functional gap items remain open which have been deemed “showstoppers” for the Client Data Conversion Project. Management is actively tracking these items and has high confidence they will be completed prior to conversion weekend.

Regulatory Approval – Regulatory approval to proceed with the Client Data Conversion Project has not been received from FINRA. Approval is anticipated the week of May 24th and management is confident approval will be granted prior to conversion weekend.

Copies to:

Jim Picket, Chairman Audit Committee Jack Mack, CEO
Bruce Almighty Independent Outside Auditors Cory Albright
Lisa Grain Jane Branch Sherman Alexie
CASE STUDY

Background Information

The exercise and scenarios in this case study focus on a fictional global financial institution, BUS and subsidiaries (BUS). The financial institution was founded in 1862 and is based in Zurich, Switzerland. BUS recently completed an initiative to reevaluate its business model and corporate directive. As part of this initiative, BUS has updated its corporate mission, vision, and strategy.

In conjunction with this cultural shift, management has recently completed an extensive employee education and awareness program on the new corporate directives and began a marketing effort to make the new mission and vision a part of the organization’s branding and image. See exhibit CS 3-4 for BUS’s new corporate mission, vision, and strategy.

EXHIBIT CS 3-4
BUS’S CORPORATE MISSION, VISION, AND STRATEGY

Mission

We are determined to become the bank of choice for our existing and future customers. We will provide our customers with easy access to financial services and products across time zones and continents on a 24/7 basis. Whether our customers want to walk into one of our facilities or access our services online, we’ll be there for them. Whether they want to manage their retirement savings or calculate their net worth, we’ll be there for them. We will combine our sophisticated network systems and our dedicated associates to create a banking experience that is fast, convenient, and productive. Our collaborative work environment will allow us to recruit and retain knowledgeable, committed associates who will continue to create cutting edge financial tools and provide customers with award-winning service. Our commitment to both our customers and our associates will result in dynamic shareholder value.

Vision

BUS is committed to providing integrated, one-stop banking products and services to our customers worldwide.

Strategy

We intend to leverage our one-stop banking approach to significantly increase our customer base by enhancing and expanding our network of retail banking operations worldwide and, specifically, in China and the U.S. We intend to gain a larger share of customer assets by providing them with comprehensive financial services and products through our one-stop banking system that allows for global mobility. We will maintain our low customer attrition by continuing to provide award-winning customer service. Finally, we will increase customer awareness and enhance our global corporate image through a comprehensive branding and advertising campaign that will promote our retail banking offerings and showcase our award-winning customer service and sterling reputation. We will achieve our corporate strategy, in part, through the successful completion of our growth-related change initiatives.

BUS is also in the process of implementing major growth-related initiatives designed to strengthen and expand their new brand and existing client base. See exhibit CS 3-5 BUS’s Growth-Related Change Initiatives for BUS’s growth-related change initiatives.
Exercise:

Research various global financial services organizations (for example, UBS AG, E-Trade, Schwab, ING, Bank of America, HSBC, RBS) through their company websites and other publicly available information (annual report, 10-K, press releases, etc.). Pay particular attention to the regulatory environments that each organization operates within. Document each organization’s mission, vision, and strategy:

■ How are BUS’s mission, vision, and strategy similar to other global financial services organizations?
■ How are they different?
■ What are the factors that drive the similarities and differences?
■ How do you think these differences affect BUS’s ability to compete globally with other financial services organizations?
■ How do you think these differences affect the growth-related change initiatives established by BUS?

Currently, the organization’s wealth management and corporate banking operations include products and services for wealthy clients worldwide. These services include asset management, estate planning, corporate finance advice, and commercial banking. BUS operations also provide banking and securities services for individual and corporate clients worldwide.

BUS’s asset management division provides real estate investment opportunities to private, institutional, and corporate clients worldwide. Its investment banking operations include a range of products and services for corporate and institutional clients, governments, financial intermediaries, and asset managers. The organization’s investment banking operations include fixed income, rates, and currencies businesses that deliver a range of products and services to corporate and institutional clients worldwide. BUS also provides a range of advisory and transaction execution services to corporations, financial sponsors, and hedge funds, such as transaction negotiations, structuring, due diligence, and company valuations. In addition to the aforementioned products and services, BUS also offers retail banking services to its customers residing in Switzerland.
BUS provides a wide range of financial products and services worldwide with the objective of rapidly expanding retail operations internationally. As part of this goal, BUS would like to be known as the “best financial institution worldwide” by offering the most comprehensive retail and wholesale banking services and products globally. BUS is moving in that direction by acquiring high-quality retail banks throughout the world. To embrace this image and brand, BUS has decided to change its name to “Bank of the United Globe (BUG).” BUG more accurately aligns with the intent of becoming the best financial institution worldwide. BUG would provide, through its subsidiaries, a wide range of financial products similar to what it offers today, while significantly increasing its retail offerings, resulting in significant growth of its assets and physical locations. Management believes that the name change will help strengthen the bank’s worldwide image and support its efforts to expand into Asia and U.S. markets.

BUS currently has over 200,000 employees worldwide and is organized around serving the needs of its two primary customer bases: retail and corporate. Because BUS already offers extensive corporate services globally, its current focus is the expansion of its retail business offerings. The retail side of the organization has individual clients or customers that require services such as mortgages, checking accounts, credit cards, individual loans, brokerage services, insurance, financial advisory services, and various payment services. The objective of the retail business is to provide a comprehensive package of financial products and services to meet the needs of individual customers globally. This global focus will allow a high degree of consistency for BUS’s affluent customers who travel extensively on business or for pleasure, as well as for those interested in the flexibility of relocating from Europe to the United States or Asia with no interruption in their banking services. One way BUS is currently doing this is by offering its most popular online products and services to its affluent customers. This has allowed the affluent customer base to have access to the products they like and use the most throughout the world via the internet.

BUS is the world’s leading provider of retail banking services and one of the largest asset managers globally. BUS boasts:

- Market capitalization of more than $300 billion
- Invested assets of more than $5 trillion.
- More than 200,000 employees worldwide.

BUS has a longstanding presence in Asia that reflects its awareness of the unlimited opportunities in this dynamic region. As a premier global financial services institution, BUS has been a true believer in the Asian success story and over the years has grown hand-in-hand with many Asian clients. They were one of the first Swiss banks to establish a physical presence in Asia. BUS currently has a significant retail banking presence in the Asia pacific region with full-service branches in Hong Kong, Singapore, and Taiwan.

BUS currently uses its elaborate network of systems that allows clients to access specialists who are known for providing the highest quality services in this region of the world. BUS plans to leverage its systems to expand the role of these client advisors who provide one-on-one financial advice and account oversight. BUS consistently wins awards for its exceptional customer service, as well as for the range of products and services provided to its retail customer base.

Management believes that creating the right framework and culture would expand its growth even further within the Asian region. They want to double the number of their clients yearly for the next three years by becoming one of the premier retail support structures and customer service providers anywhere in the world. To do this, they want to develop a multi-prong approach that combines an extensive branch network
with a completely integrated online banking system that includes all financial services and products under a single-access login.

To date, the retail side of the organization has been focused on attracting new banking customers and growing organically by targeting specific cities and other geographic areas of the world with the largest concentration of wealthy populations, thus helping augment this online product and service offering.

To that end, large retail acquisitions are currently under negotiation and are planned to be announced simultaneously with the name change. Additional acquisition targets will be evaluated for their potential to provide high-quality retail products and services, with the goal of increasing their branch network five-fold and the online customer base tenfold over the next two years. Management has identified Asia as a potential region for retail acquisitions. This is driven by the growth in population, which has increased the demand for basic account services related to checking accounts, credit cards, advanced ATM services, and financial advice, as well as for wealth management services. Management understands that this will cause an immediate change in the corporate culture.

Although BUS’s online environment was updated a few years ago, management anticipates the need for online expansion to support this projected growth. Management acknowledges that these goals are very ambitious, but believes they must follow through on their expansion plan or run the risk of becoming a takeover target themselves. Additionally, management is acutely aware that this is a departure from their previous approach to growth and expansion, which was much more conservative and primarily facilitated by organic growth.

The internal audit function at BUS has approximately 600 auditors of which 300 are centralized at the organization’s headquarters in Zurich. The total number of auditors fluctuates depending on the number of open positions and level of co-sourcing at any given point in time throughout their locations across the world. The internal audit function strongly encourages staff members to move into positions in other areas of the organization, while high-performing employees in other areas of the organization rotate through the internal audit function as part of BUS’s formal management trainee program. This management trainee program is supported primarily by the internal audit function group at headquarters. The trainee program provides the internal audit staff with a high level of business experience and acumen from other areas of the organization, which they leverage when performing consulting engagements. This is a high priority since the chief audit executive (CAE) has been directed by the audit committee and CEO to increase the consulting engagements they perform from five to 15 percent of the annual internal audit plan.

The internal audit function currently uses co-sourcing from two large international firms for approximately 10 percent of the budgeted audit hours. These co-sourcing resources are utilized for assurance engagements that require specific language or other specialized skillsets, or that require internal auditors in locations where no BUS auditors reside. However, these resources are currently not used for consulting engagements, and management would prefer the consulting engagements be handled by the internal staff because the knowledge they have of the organization positions them to provide needed insight on significant initiatives.

**SCENARIOS**

Approach the various scenarios below from the perspective of an internal auditor who has been asked to assist the CAE on a number of internal audit consulting projects. These scenarios can be completed either in teams or as individual projects.
Scenario 1: Retail Operations Expansion

As noted in the organization profile above, the expansion of the Asian operations is significant to the success of the growth-related change initiatives and achievement of the organization's long-term strategic objectives. Currently, the CEO is planning to bid on a number of banks in China to gain market share, as well as establish a local retail banking network and infrastructure.

Management has identified key performance attributes and criteria that have led to their successful expansion of retail operations in China and the Asian market. These criteria include:

- Management that is experienced in retail banking operations.
- Employees who are focused on customer satisfaction.
- Operating controls that are effective and efficient.
- Business model that is supportive of corporate financial performance metrics.
- Work environment that ensures regulatory compliance.
- Ethical cultures that is focused on doing the right thing for customers and employees.

Management believes they can replicate the success of their organic growth by looking for similar attributes and criteria in the banks they are targeting for acquisition. Management has developed a list of banks that they are interested in acquiring if due diligence efforts indicate they meet management's criteria. Banks acquired will be key to the successful implementation of BUS's expansion into China and the Asian market. Acquisition of the wrong banks will be devastating to BUS's expansion efforts.

The internal audit function has been asked to facilitate the development of a due diligence checklist to evaluate the acquisition candidate's management has identified. The CEO would also like the internal audit function to assist during the due diligence reviews at each of the target banks to advise on the effectiveness of this checklist and assess whether the due diligence team has comprehensively followed the checklist. Management believes the results of the due diligence reviews will provide invaluable input and information in making a decision whether to move forward with acquiring banks targeted for acquisition. The CEO's objective is to quickly and smoothly integrate banks acquired while maintaining high-quality customer service. The internal audit function's involvement will help him achieve this goal.

Scenario 2: Activities

1. If you were facilitating the preparation of a due diligence checklist with members of management who are experienced in evaluating acquisition candidates, what types of topics would you expect them to identify as belonging on such a checklist? What are some high-level questions that the due diligence team might ask during the due diligence process at each bank targeted for acquisition?

2. Propose a blended consulting engagement that would achieve the CEO's request for the internal audit function to partner with line management in evaluating acquisition candidates. In the proposal, address the following:
   a. Specifically outline the value that such an engagement would provide to the CEO and line management.
   b. How should the internal audit function structure the blended consulting engagement so that both objectives (advising on the effectiveness of the checklist and assessing whether the due diligence team has comprehensively followed the checklist) are achieved?
c. What safeguard should the internal audit function include to ensure there is no threat to the functions’ independence and objectivity?

d. Outline the internal audit resources that would be needed to perform the consulting engagement. Include the number of auditors and the type of experience that would be required.

e. What kind of communications should the internal audit function provide to management regarding the consulting engagement? Be specific as to the type, content, and timing of each planned communication.

**Scenario 3: Brokerage Capability Expansion – International Online Training**

BUS would like to quickly expand customer capabilities in the international online equity trading area but does not currently have the platform or ability to provide this service. To best facilitate this capability, management feels it would be better to identify and acquire an organization that already has advanced international online trading capability rather than build it themselves. This approach would provide the expanded functionality desired, while also providing access to an existing profitable customer base.

E-Trade Financial Corporation (E-Trade) currently provides international online trading to its customer base and has developed a premier online trading system. By acquiring E-Trade or a similar organization, BUS management believes BUS could more quickly provide international online trading to its customers while using this newly acquired capability to augment their retail banking expansion strategy. Management has requested that the internal audit function assist them with the identification of potential acquisition targets in addition to E-Trade. Additionally, management would like the internal audit function to identify the risks related to acquiring one of these targeted organizations.

Management has also asked the internal audit function to help identify the risks associated with transitioning their current customers to the newly acquired international online equity trading system while also integrating their existing products, services, and capabilities to the brokerage service company they acquire. At the same time, management would like to introduce current customers of the newly acquired brokerage firm to BUS’s current retail banking products and services.

Management has concerns that must be addressed if they choose to move forward and are successful in acquiring E-Trade, such as E-Trade’s problems related to their mortgage business and their banking operations. Management does not know what degree of risk they would be assuming in these areas if they were to acquire E-Trade and would like the internal audit function to help evaluate the risks related to the present state of E-Trade as well as the risks related to migrating out of the known problem area.

**Scenario 3: Activities**

1. Management has asked the internal audit function to work with them to create a list of the top potential acquisition candidates that have online trading capabilities similar to E-Trade. You should consider organizations with an international footprint that would be good strategic matches for BUS. Specifically outline the characteristics you believe make them good acquisition targets for BUS.

2. Assuming management selects E-Trade as the best acquisition target, complete the high-level due diligence checklist that you outlined in scenario 2 based on what you can learn from researching E-Trade.
a. Identify the five most significant areas of risk for the integration of E-Trade’s international online equity trading platform into BUS's services offerings using the illustrative consulting engagement risk model illustrated in exhibit CS 3-3.

b. Assume that the internal audit function has agreed to perform a blended consulting engagement intended to advise management on steps to enable a smooth integration of E-Trade's international online equity trading platform into BUS's current retail banking operations. In addition, the internal audit function has been asked to conduct procedures to monitor and report on the success of the integration. Outline the internal audit resources that would be needed, including the number of internal auditors and the type of experience that would be required.

c. What kind of communications should the internal audit function provide to management regarding the consulting engagement described in b. above? Be specific as to the type, content, and timing of each planned communication.