



**INTERNAL AUDIT & INTERNAL
CONTROL SERVICES
FOR FOREIGN COMPANIES IN TURKEY**



One of the many concerns of the parent company while setting up a foreign subsidiary is “control”. Sitting miles away, they want to control the subsidiary effectively. Internal audit is a way to ensure such an effective control over the subsidiary.

Any illegal act or misconduct in any foreign subsidiary may significantly impair the reputation or brand of the parent company. It is crucial for the parent company to monitor if the corporate governance and risk management systems are functioning effectively in its foreign subsidiary, through internal audit.

You may have the following challenges regarding your Turkish subsidiary:

- Inefficient and inadequate business processes
- Lack of internal controls
- ERP system underutilized or disconnected from business operations
- Lack of transparency and accountability
- Ineffective accounting and finance function
- Unethical and illegal acts
- Asset misappropriation
- Third party ethics and compliance risks
- Corruption and bribery risks
- Conflict of interest
- Financial statement fraud

You are a multinational company and established a subsidiary in Turkey. The Board, Audit Committee or head-office management team are facing challenges due to business processes, risk management and internal control activities occurring in your Turkish subsidiary. If you are seeking assistance, Cerebra can help you. Let's talk.

If this is the case:

- You don't have a Group Audit Function, or your Group Audit team has limited sources.
- You experience difficulties because of language and differences of Turkish practices, legal system, culture and customs.
- The operations of your Turkish subsidiary are based on different systems than those of the parent company, making it difficult to perform an efficient risk based internal audit in a short period of time.
- The Board, Audit Committee and C-level of the parent company think that there is a lack of monitoring on the Turkish subsidiary of the parent company.
- You want an outsider's independent, objective viewpoint in assessing governance structure, risks and internal controls of your Turkish subsidiary without bias.
- Emergencies arise so that an ad hoc auditing is necessary.
- You want to test the design and operating effectiveness of controls to ensure controls are designed in a way that would prevent error or fraud.
- As the management of the parent company, you want to assure the Board or Audit Committee that the management's governance, risk management and the system of internal controls work adequately and effectively.
- You want to ensure that business processes and controls work as intended.
- You want to make sure that risks are appropriately defined and managed.
- Your current outsource or co-source provider is under-performing.

Why Turkey is a High-risk Jurisdiction?



Transparency International (TI)

As one of the leading global civil society organizations in the fight against corruption, Transparency International has published the Corruption Perception Index annually since 1995. The index reveals that in the last decade, with a loss of significant points, Turkey became one of the a few countries whose situations deteriorated most.



Association of Certified Fraud Examiners (ACFE)

ACFE is the world's largest anti-fraud organization. In accordance with Global Study on Occupational Fraud and Abuse of ACFE, in the Eastern Europe and Western / Central Asia region where Turkey is, corruption represents one of the most significant fraud risks. %60 of cases involve corruption which is the second highest rate in the world.



TRACE International

TRACE is a globally recognized anti-bribery business association. In accordance with the TRACE Bribery Risk Matrix that measures business bribery risk across the world, Turkey performed extremely bad in the last years and fall behind many emerging markets.



Why Cerebra?

Deep Expertise on Diverse Internal Audits Related Areas

- Business processes such as order to cash, purchase to pay, stocks, treasury and others
- Internal controls including IT controls
- IFRS and Turkish GAAP
- Laws and Regulations in Turkey
- FCPA, UK Bribery Act, Sapen II and other international anti-bribery laws
- Ethics and compliance programs
- Anti-fraud programs
- Third-part risk management
- Management accounting and performance management
- Sarbanes-Oxley compliance

Data Analytics Supporting Internal Audit and Monitoring

Cerebra uses key technologies and tools to enable you to perform continuous audit and monitoring for more effective audits and make confident decisions using up-to-the-minute analytics.

Cerebra provides data analytics solutions to identify anomalies, trends and hidden patterns in your business processes. Our solutions offer an extensive set of queries and tasks for the analysis of processes such as order to cash, purchase to pay, general ledger, inventory and fixed assets transactions.

With our easy-to-use data analysis tool, you can gather and import information from numerous sources and formats, identify trends and outliers, and tracking every step of your analysis. We also provide a centralized shared platform where the most accurate information for the engagements could be accessed and used.

Group of Experts in Diverse Areas

Our experts cover a variety of internal audits including corporate governance, risk management, compliance and information security in addition to financial reporting and internal control.

Integrity, Impartiality and Independence

Cerebra acts with integrity and independence. We ensure that we have no personal or professional involvement with the field being audited and maintain an unbiased and impartial mindset.

Wealth of Experience

Using its wealth of national and international experience, Cerebra helps multinational companies to conduct internal auditing in their Turkish subsidiaries in a professional manner.

Regular vs Ad Hoc Audit

Cerebra can perform regular audits based on a scheduled audit plan as well as unplanned “ad hoc audits” to investigate specific items, which may arise from requests from management or complaints from whistle-blowers.



How can Cerebra Help You regarding Your Subsidiary in Turkey?

- Managing internal audit functions within the scope of co-sourcing and outsourcing contracts
- Designing, implementing and reviewing risk management systems in accordance with COSO and ISO 31000
- Assessing, documenting and designing business processes and internal control systems on the basis of COSO and SOX
- Testing the design and operational effectiveness of internal controls
- Providing advisory services for the design, implementation and transformation of internal audit functions
- Providing fraud risk management and anti-fraud services



cerebra.com.tr



About Cerebra & Contacts

Cerebra CPAs & Advisors is an independent accounting and advisory firm based in İstanbul, Turkey, established in 2009, that provides solutions in the areas of risks, business process and internal control system, internal audit, accounting compliance & reporting, anti-fraud and ethics and compliance.

Combining years of international expertise with in-depth Turkish experience and knowledge, Cerebra serves clients from all over the world. Our clients are mostly foreign firms that are investing or already operating in Turkey. We also work closely with international & local law firms, investment banks, advisory firms, private equity funds and non-governmental organizations.



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