

New Perspectives in Internal Audit role: What can be learned from Nestlé's experience

الآفاق الجديدة لدور المراجعة الداخلية: Nestlé

نموذجاً

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Abstract: Change, complexity and uncertainty are the main features of today's business. As risks change and emerge, stakeholders' expectations continue to evolve causing a radical change in internal Audit function. This study aims to highlight and explore this new role and direction of internal audit function according to the latest theories regarding the role of internal auditing. To achieve this purpose, the case of Nestlé would be study using a descriptive and analytic method. In this company, it is expected of internal auditors to remain forward-looking and solution-oriented, no longer focus on control and compliance.

Keywords: Internal Audit, Risk, Nestlé, Uncertainty, emerging risks.

Résumé: Le changement, la complexité et l'incertitude sont les principales caractéristiques de l'environnement de l'entreprise. Alors que les risques évoluent et émergent, les attentes des parties prenantes continuent d'évoluer, entraînant un changement radical de la fonction d'audit interne. Cette étude vise à mettre en évidence et à explorer ce nouveau rôle et cette nouvelle direction de la fonction d'audit interne. Pour atteindre cet objectif, le cas Nestlé sera étudié à travers la méthode descriptive et analytique. Dans cette entreprise, il est attendu des auditeurs internes qu'ils restent orientés vers l'avenir et non plus uniquement sur le contrôle et la conformité.

Mots-clés : Audit interne, Risque, Nestlé, Incertitude, Risques émergents.

ملخص: التغيير، التعقيد وعدم اليقين هي الخصائص الرئيسية لبيئة الأعمال. مع تطور المخاطر وظهورها، تستمر توقعات أصحاب المصلحة في التطور، مما يؤدي إلى تغيير جذري في وظيفة المراجعة الداخلية. تهدف هذه الدراسة إلى إبراز واستكشاف هذا الدور الجديد لوظيفة المراجعة الداخلية. لتحقيق هذا الهدف، ستتم دراسة حالة نستله من خلال المنهج الوصفي التحليلي. في هذه المؤسسة، المراجعون الداخليون، الى جانب ضمان فعالية نظام الرقابة الداخلية، تبقى الرؤية التطلعية التي تتمثل في تحديد الإشارات التي تلوح في الأفق واستكشاف الأحداث المستقبلية الممكنة التي قد تشكل خطراً ناشئاً على المدى القصير والمتوسط ضرورة يجب تبنيتها من طرف المراجعين الداخليين.

الكلمات المفتاح: المراجعة الداخلية، خطر، نستله، وعدم اليقين، المخاطر الناشئة.

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I- Introduction:

Change, complexity and uncertainty are the main features of today's business. They provide both challenges and opportunities for organizations. Internal Audit has emerged thus as a key tool that gives boards the confidence to deal with the demands of a dynamic environment. Indeed, the increasingly changing stakeholder group expectations and a new view of risk management are boosting a radical change in internal Audit function prompting it to look deeper and see further and to act as leverage for change supporting an organization's strategic schedule.

As risks change and emerge, and as stakeholders expectations continue to evolve, internal auditors must move out of their comfort zone to audit at the speed of risk. Internal auditors are now challenged to address emerging risks by realigning audit coverage unceasingly, in other words, to audit at the speed of risk. Currently, the challenge is to move beyond annual planning and classic audit zones. Internal audit must focus on areas where changes in the business environment, changes in technologies, and changes in people are affecting the risk environment for organizations.

Organizations throughout the world are starting admitting and changing the key role of their internal audit department. Indeed, According to the main findings of The Global Pulse of Internal Audit survey¹(IIA, 2015, pp: 6-7), the internal audit departments gave more attention to areas most likely to harbor emerging risks: 48% of those surveyed said they focused mainly on strategic risks, 42% on IT risks and 32 % on risks of governance. However, this progress was judged slow by the same study, for updating the risk assessment is probably not as frequent as it should be where only 23% of participants admitted to do status of a continuous risk assessment. Finally, although risks evolve very quickly, only 16% of participants considered their audit plan flexible enough to allow them to react immediately to emerging risks. This data indicates that 77 percent of chief audit executives may not identify risks in a timely manner and 84 percent would delay in responding with an updated audit plan if faced with a crisis.

In today's business, it is expected of internal auditors to remain forward-looking and solution-oriented while performing internal audit, no longer focus solely on value preservation. **This study aims** to highlight and explore this new role and direction of internal audit function according to the latest theories regarding the role of internal auditing. To achieve this purpose, Nestlé was chosen

¹ Coordinating efforts with The IIARF, The IIA's Audit Executive Center incorporated the Pulse of Internal Audit survey questions into the 2015 Global Internal Audit CBOK Practitioner Survey. This resulted in more than 14,500 usable responses from 166 countries for inclusion in CBOK reports. All responses were anonymous. The survey was live between 2 February 2015 and 1 April 2015. Survey responses from 3,344 Chiefs Audit Executives or equivalent and 1,630 directors or senior managers were analyzed for the 2015 Global Pulse of Internal Audit report.

as a case to explore in order to extract the main axes of development of their internal audit function. In order to achieve this aim, the principal question tackled in this research is: **What can be learned from Nestlé's experience in developing the role of internal audit to meet the new challenges in dealing with emerging risks?**

II- Theoretical framework:

More than ever, the Internal Audit Department is becoming one of the key pillars of any modern organization. Its roles have evolved from giving Hindsight to Insight to Foresight. Indeed, beyond the regulatory compliance responsibilities, internal auditors are diving deeper into the financial facets of an organization to provide insights in support of a high-quality audit.

II-1 What is Internal Audit

Internal audit deals with issues that are basically significant to the survival and prosperity of any organization. Unlike external auditors, they look past financial risks and statements to consider greater issues such as the organization's culture, reputation, growth and the way it treats its employees through a combination of assurance and consulting.(iia.org.uk).

The first officially published definition of internal auditing was forwarded in June 1999 by the IIA: *"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."* (na.theiia.org).

The definition of internal auditing covers some important aspects, such as the independent and objective nature of the internal auditing activities, the scope of work, the performance of audit work and the professional proficiency of the internal auditor. Among the most important things clarified by this definition is the true nature of the internal auditing role. The activities of internal auditing are divided into two main activities, namely assurance and consulting activities. To achieve their duties of assurance and consulting, internal auditors must have a set of skills that should be always up-dated. Indeed, having multiple skills is important for the internal auditors. They must be able to prove a wide range of technical abilities, and capabilities in logical thinking, research ability and business related skills.

II-2 The role of the Institute of Internal Auditors in promoting internal audit

Established in 1941, The Institute of Internal Auditors (IIA) is an international professional association, whose core mission is to provide dynamic

leadership for the global profession of internal auditing. Activities in support of this mission will include, but will not be limited to: (na.theiia.org)

- Providing comprehensive professional educational and development opportunities, standards and other professional practice guidance, and certification programs ;
- Researching, disseminating, and promoting knowledge concerning internal auditing and its appropriate role in control, risk management, and governance to practitioners and stakeholders ;
- Educating practitioners and other relevant audiences on best practices in internal auditing.

In 1947, the IIA proposed, in the publication of the Statement of Responsibilities of the Internal Auditor, one of the most popular definitions of internal audit according to which: *“Internal auditing is an independent appraisal activity within an organization for the review of accounting, financial and other operations as a basis for protective and constructive service to management. It is a type of control that functions by measuring and evaluating the effectiveness of other type of controls. It deals primarily with accounting and financial matters, but it may also properly deal with matters of an operating nature”*. (IIA 1999b, Swinkels W.H.A., 2012, p. 43).

This definition proposes that internal audit should be an independent evaluation activity which mainly deals with accounting and financial questions, but also questions of an operational nature. This expansion, however slight it may be, is motivated by industrial development and the complexity of economic activities. During this period, the internal auditors began to direct their efforts to help management by taking care, more and more, of the operational areas, such as the respect of production deadlines, the quality of the products, the respect of the regulations.

Ever since, the IIA has continued to develop the concept of internal audit, increasingly specifying its nature, purpose, scope, responsibility and independence. The first definition, published in 1947, was revised six times before 1999 (in 1957, 1971, 1976, 1981, 1990). (Gupta P.P., 1992, p. 03.) Between 1947 and 1971, the focus was more on operational control than on financial and accounting matters. Early in 1971, the scope of internal audit was entirely operations-oriented and the terms "accounting" and "financial" were eliminated; according to the IIA, financial and accounting matters have been considered as part of the operations and, therefore, no longer need to be stated. (Swinkels W.H.A., 2012, p. 43.).

II-3 The International Audit Standards

The International Audit Standards are authoritative guidance for the internal audit profession from the Global Institute of Internal Auditors. They are

part of the International Professional Practices Framework. These standards define the Code of Ethics as well as the rules applicable to a wide range of internal audit activities for its own evaluation.(IIA, 2017, p. 36.).

The purpose of the Code of Ethics is to promote a culture of ethics within the internal audit profession. As specified in the International Reference Framework for Professional Practices of 2017, this code goes beyond the definition of internal audit and includes two essential components: the first part indicates all the principles relevant to the profession and to the practice of internal audit that must be respected and applied by internal auditors: integrity, objectivity, confidentiality and competence. These four fundamental principles are set out in the second component of the Code through rules of conduct describing the standards of behavior expected from internal auditors. (IIA, 2017, p. 02).

III-New risk landscape: internal audit towards new challenges:

Today's world is more connected and complex than ever before.Indeed, this persistent changes and disruptive innovation, differs from the previous ones (printing, steam engine ...) not by the depth of its impact but by its magnitude and above all its speed. (Friedman T, 2013, p.02).

III-1 Audit at the speed of risk

Relentless globalization and technological advances have brought many benefits, but also drive an accelerating pace of political, economic and social change. Thus, organizations today face not only familiar and understood dangers, but also, new or changing, and in some cases, entirely unexpected risks. (Thomson R, 2013, p.02). The latter are characterized by a high level of uncertainty, contextual changes, increasing complexity that can lead to systemic risks, lack of consensus and difficulty in communication, putting thus companies in new challenges.

Changes in the economic environment and its inter-connectedness have made it imperative for the Internal Audit function to put a dynamic audit plan in place covering high-risk areas. To do so, the Internal Audit function has to change its approach towards the manner in which emerging risks are continuously identified. Indeed, it is expected from internal audit to play a more pro-active and forward looking role while providing transactional and compliance assurance (Deloitte, 2014, p.09). *“... To help the company adapt, internal audit must also change. Gone are the days when internal audit could exclusively rely on traditional methods of executing its mandate and to continue to hire from the same gene pool.”* (Deloitte, 2015, p.02).

Long confined to control and regulation, internal auditors face today a real challenge of added value. Managers expect internal audit functions to be able to advise them on how to adopt new technologies while controlling associated risks

and integrating effective controls, as Ernst & Young LLP internal audit leader Brian Schwartz said “*internal audit functions need to stop thinking about themselves as compliance specialists and start taking on a much larger, more strategic role within the organization.*” (Lefort, 2014).

The internal audit function is growing from a traditional compliance role to a more strategic role. However, if internal audit is to grow in stature in the boardroom, the profession needs to have a more strategic focus. Not only should auditors provide assurance on how new and emerging risks can be identified, mitigated and controlled, they should also advise the organization about how it can manage them for commercial gain – keeping an eye on profitability, as well as control.

III-2The evolving role of internal audit: the profound change

In order to embrace change effectively, internal audit must adopt several steps to remain forward-looking and solution-oriented which requires internal auditors to develop critical thinking skills to cope with the new responsibilities and enhance the quality of the audit. The main change area internal audit function can be assembled in four steps:

- ***Internal auditors must conduct a Flexible Risk-based Audit Plan:*** The audit plan defines the program of audit actions and interventions for a minimum period of one year. To create this plan, auditors can rely on risk mapping in order to prioritize the controls to be performed during a mission. However, an annual audit plan can no longer track the speed of change. Indeed, in an increasingly turbulent environment, internal auditors who works on the basis of annual risk-based plans, are increasingly finding themselves in delicate situations where they face certain important risks that are not in their audit plans: “*The idea that an internal audit can be updated only once a year and still remain timely, responsive, and effectively needs to be challenged strongly*” (IIA, 2011, p.06). Among “the ten Imperatives for Change for internal audit” proposed by the CBOK, conducting a flexible risk-based audit plan is the second, after the necessity of sharpening the focus on risk management and governance. (IIA, CBOK, 2011, p.09)

- ***Internal audit must become agile:*** Agility is an IT concept, and it's defined by David S. Alberts as the ability to successfully cope with the ability to maintain an acceptable level of efficiency and effectiveness in changing circumstances that lead to a disrupt the balance. Agility, according to this author, is not a way of reducing the difficulty of a problem, but it's a way of managing the combined effects of complexity and uncertainty (IDA, 2014, p.08). “*Creating agile internal audit functions requires changing our mindset, preparing to quickly refocus on disruptive risks and opportunities, prioritizing our work to what matters most, creating teams with the right blend of skills, and coordinating with other resources in the organization*” (Chambers, 2018).

- ***Internal audit must pursue innovation:*** In order to successfully battle disruption, internal auditors must pursue innovation, and that means challenging the status quo. They must be willing to question the way they do the things they do (Chambers, 2018). For this purpose, and to enhance its effectiveness, the internal audit function must be digitized. New technologies related to the revolution of data analysis constitute an opportunity for the internal audit department. Indeed, the internal audit profession must take advantage of it to meet the expectations of stakeholders, particularly in terms of quantification of impacts, prediction and valuation of financial issues and proposal of relevant recommendations.

- ***Internal audit must redefine its talent:*** Creating teams with the right blend of skills is the key to becoming agile and innovative. The path forward on talent may be the most challenging. Internal audit is a profession requiring a set of methodological, relational, communication and behavioral skills. Skills are perfected through experience. Internal auditors learn each year and their vision and judgment are more reliable across time. (IFACI, 2016, p. 32). Internal auditors need to be agile and have particular capabilities, to be able to face the ever-changing environment in their organization.

IV- Case study: Nestlé's experience in transforming internal audit role:

The research method used in order to answer the question of this paper, is the descriptive and analytic method of a case study – Nestlé that is- which involves an up-close, in-depth, and detailed examination of a this company. Data are basically extracted from reports and official website of this enterprise. All the answers of Nestlé's staff to witness the internal audit activity that are forwarded next in this paper are from Nestlé's video website.

IV-1 Brief presentation of Nestlé

Nestlé is a Swiss multinational food and drink processing conglomerate corporation headquartered in Vevey, Vaud, Switzerland. Its products include baby food, medical food, bottled water, breakfast cereals, coffee and tea, confectionery, dairy products, ice cream, frozen food, pet foods, and snacks. It all started in 1867 when Henri Nestle made a milk product for an infant to save his life. From there it had unveiled a vast potential in the foods and beverages industry. Nestlé was formed in 1905 by the merger of the Anglo-Swiss Milk Company, established in 1866 by brothers George and Charles Page, and FarineLactée Henri Nestlé. The company grew significantly during the First World War and again following the Second World War, expanding its offerings beyond its early condensed milk and infant formula products. The company has made a number of corporate acquisitions, including Crosse & Blackwell in 1950, Findus in 1963, Libby's in 1971, Rowntree Mackintosh in 1988, Klim in 1998, and Gerber in 2007.

Table (01): Nestlé in numbers

Providing safe, quality nutrition for more than 150 years	2 000+ brands worldwide	Around 308 000 employees
Number of countries we sell in: 190	413 factories in 85 countries	CHF 91.4 billion sales in 2018

The source: <https://www.nestle.com/aboutus/overview>

IV-2 Nestlé's risk environment and risk management policy

Nestlé has factories in 86 countries and its products are sold in 196 countries around the world. The company's activity is thus threatened by multiple risks that could endanger its development and existence. Indeed, security, political instability, legal & regulatory, fiscal, macroeconomic, foreign trade, labour and/or infrastructure risks could potentially impact Nestlé's ability to do business in a country or region. The Group has established policies, processes and controls in place to prevent such events that could be resumed in those elements: (Nestlé Annual Report, 2014, p.67)

- Factors affecting results Nestlé's reputation is based on consumers' trust. Any major event triggered by a serious food safety or other compliance issue could have a negative effect on Nestlé's reputation or brand image ;
- The Group's business is subject to some seasonality, and adverse weather conditions may impact the Group's sales. The food industry as a whole is faced with the global challenge of increasing obesity ;
- Nestlé is dependent on the sustainable supply of a number of raw materials, packaging materials and services/utilities. Any major event triggered by natural hazards (drought, flood, etc.), change in macroeconomic environment (shift in production patterns, 'biofuels', excessive trading), resulting in input price volatilities and/or capacity constraints, could potentially impact Nestlé's financial results ;
- The Group's liquidities/liabilities (currency fluctuation, interest rate, derivatives, and/or hedging, pension funding obligations/retirement benefits, banking/commercial credit, and cost of capital) could be impacted by any major event in the financial markets ;
- Nestlé is dependent on sustainable manufacturing/supply of finished goods for all product categories. A major event in one of Nestlé's key plants, at a key supplier, contract manufacturer, co-packer, and/or warehouse facility could potentially lead to a supply disruption and impact Nestlé's financial results.

In order to handle those risks, Nestlé has established appropriate risk mitigation measures and business continuity plans regularly maintained. Looking for a consistent method to manage risk across the multi-national operation, Nestlé selects *Active Risk Manager for Enterprise Risk Management* to manage enterprise risk across its operations worldwide. This solution is web-based which allows that countries to share information, update and monitor risk information in

an effective and efficient way. The Nestlé Group Enterprise Risk Management Framework (ERM) is designed to identify, communicate, and mitigate risks in order to minimize their potential impact on the Group. Nestlé has adopted a dual approach in identifying and assessing risks:(Nestlé Annual Report, 2014, p.67)

1. A top-down assessment is performed at Group level once a year to create a good understanding of the company's mega-risks, to allocate ownership to drive specific actions around them and take any relevant steps to address them ;
2. A bottom-up assessment occurs in parallel annually and focuses on the global risk portfolio in the businesses/corporate functions. It involves the aggregation of individual assessments by the Zones, Globally Managed Businesses and all markets.

IV-3 Nestlé's Audit Committee

An audit committee is one of the major operating committees of a company's board of directors that its primary purpose of a company's audit committee is to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations.

Nestlé is no exception. Indeed, according to the Audit Committee Charter that was approved by the Board of Directors on 16 April 2015, the Audit Committee assists the Board of Directors in fulfilling its responsibilities with respect to the accounting and financial reporting practices of Nestlé and its subsidiaries, the internal and external audit processes as well as its overview of the risk management processes. The Board of Directors appoints the members of the Audit Committee and its Chairperson for a period of one year. The Audit Committee shall be chaired by an independent and non-executive member of the Board and include a minimum of two other members of the Board, excluding the chief executive officer and any former member of the Executive Board. All members shall be independent. The powers and duties of the Audit Committee are summarized in the table below:

Table (02): The powers and duties of the Audit Committee in Nestlé

Financial reporting/Internal control	Internal audit
- Review, and challenge where necessary, the actions and judgments of management, in relation to the company's year-end financial accounts, - Review management's and the internal auditor's reports on the effectiveness of the systems for internal control, the performance of an annual risk assessment and the company's compliance and risk management processes.	- Review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the company; - Review and monitor management's responsiveness to the internal auditor's findings and recommendations;

The source:Nestlé's Audit Committee Charter, 2015, pp.4-5

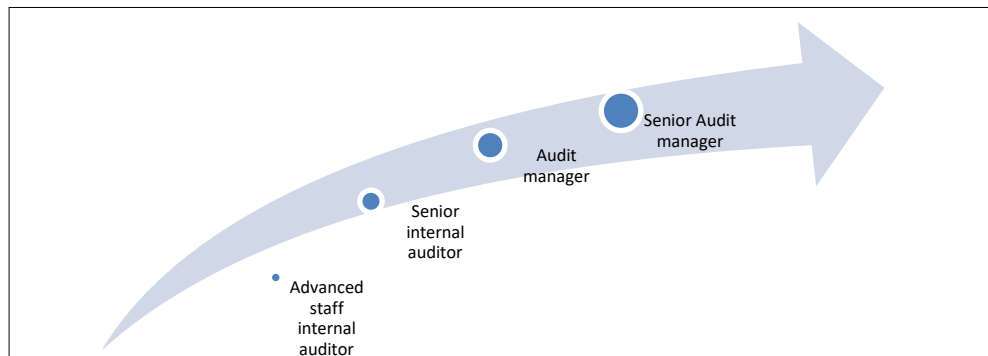
As for external audit, the Audit committee must: (Audit Committee Charter, 2015, p.6).

- Oversee the company's relations with the external auditor;
- Consider, and make recommendations on the appointment, reappointment or removal of the external auditor;
- Approve the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided;
- Discuss with the external auditor, before the audit commences, the nature and scope of the audit;
- Review significant issues raised in the audit representation letters before consideration by the board, giving particular consideration to matters that relate to non-standard issues;
- Assess, at the end of the audit cycle, the effectiveness of the audit process.

IV-4 Nestlé internal audit

Nestlé Internal Audit is a world-class audit department. It provides value-adding assistance to Top Management in the markets and at the international headquarters. Next to assessing the internal control systems, internal auditors in Nestlé ensure compliance with corporate policies and ethics. They improve operational efficiency of their processes and facilitate the application of best practices throughout the Group.

Figure (01): Career path of internal audit in Nestlé



The source: <https://www.nestlepurinacareers.com/career-opportunities>

As the figure above shows, internal auditor lives fast career track, where the start of any auditor is as an assistant where he will be able to demonstrate his entrepreneurial skills. After one to two years the auditor will be promoted to team leader as soon as his performance reaches the required level. As Team Leader the auditor has full project responsibility. He will ensure a high quality audit results and he will manage his team members to maximize efficiency and effectiveness.

Internal auditors in Nestlé, whatever their position is, are asked to perform all other duties as assigned, and among the primary responsibilities, internal auditors have to:

- Complete assigned portions of internal control reviews, develop required supporting work papers and ensure:
 1. Comprehensive procedures are developed and executed to assess existing system of internal control.
 2. Findings of irregularities, discrepancies and deviations from prescribed procedures and practices are fully supported by the included evidence and documented information ;
 3. Comments on findings and recommendations for corrective action are presented for each significant finding and are reported clearly and concisely.
- Determine the extent of compliance with Company policies and related subjects and the effectiveness or efficiency of such policies in the specific circumstances ;
- Assist in the confirmation of the physical existence of Company assets, verification of accounting and other records and management reporting techniques, and reviews of the adequacy of the system of internal controls for both manual and automated systems ;
- Identify opportunities for profit improvement, cost avoidance, and the more efficient utilization of Company resources consistent with established Blueprint for Success objectives.

Internal audits are conducted each year in a number of lower and higher-risk countries in which the company operates to verify its adherence to its policies, procedures and national legislations implementing the WHO Code. In 2017, 22 countries (incl. 18 in higher countries and four (4) in lower risk countries) were audited by Nestlé corporate auditors. Internal Audits detected a total of ten (10) instances of non-compliance with the Nestlé Policy and Procedures and/or local Codes. Eight (8) out of these ten (10) instances were attributed to Nestlé and two (2) were attributed to third-parties in direct contractual relationships with Nestlé. p25. Leading the way: Responsible Marketing of Breast Milk Substitutes 2017 Report

IV-5 From financial auditing, to operational and future-based audit

Since growth is the primary driver of value creation, Nestlé's policy is focused on investing in high-growth categories and regions, fixing underperforming businesses, innovating products and business models, embracing digital opportunities.(Nestlé Annual Review, 2019). Improving operational efficiency through reducing costs, freeing up resources and adjusting management structures and systems, is the key to achieve this policy. Internal audit has a great role to play at this stage by providing to the board of directors that operational efficiency is improving indeed. Thus, audit at Nestlé isn't the typical financial

auditing; it's operational and more and more future-based. That means that Nestlé use a systematic approach to review the effectiveness, efficiency and economy of operations across the business. It's not just auditing Nestlé's internal business units (e.g. Human Resources, Marketing, Supply Chain, etc.); but auditing all of Nestlé: the factories, distribution centers, headquarters and satellite offices, which could include our production processes, sales functions, accounting practices, safety programs, cloud computing systems, or any other function that Nestlé performs. Patrick D.B, senior auditor at Nestlé Purina said in this context: *"We cover every one of Nestle's operating companies from Purina to Professional to Nestle USA. So really getting to look at the production process and the sales process for all these different operating companies"*.

To do so, it is required from the internal audit team to be a melting pot of sorts, which means that some of auditors have accounting degrees, or are working toward them, and others have backgrounds in the sciences or engineering, which ensure having enough different brains and skill sets in the room to approach every audit at different vantage points. **John B, head of nestle internal audit** at Nestlé Purina has attested: *"It is a group of ambitious and energetic auditors who like to learn who crave change and who want to make a difference in all areas within the company from factories and distribution centers to headquarters and in sales office locations. Really there is no typical day"*. However, the start in this career in Nestlé, no matter what auditor's skills are, should always be the familiarization with the company's culture and environment which ensure that, whatever the skills are in the same audit group, internal auditors minds are aligned on same prospect and goal. **Chandni H, advanced staff internal auditor**, has claimed that: *"some of my first days at Nestle were just a lot of learning Nestlé in general, just has a really great training program and mentoring program. So it's just really deep diving into Nestle's culture environment"*.

Auditing in the Nestlé Group is a also future-based where the internal auditors are increasingly challenged and asked to give foresight on the future of the company's activity. The underlying principle is actively involving staff at the audited unit. This means not only conducting interviews with all levels of staff to become familiar with the systems and processes, but also includes performing risk analysis and adequate audit tests supported by proper data mining methodologies. Identifying weaknesses and future risks and developing workable solutions are the result of their work. Indeed, **Tim J, audit manager** said in this context: *"It's intense and challenging and that's due though by design. It's a **challenge** that you learn to grow from and you learn to dissect complex information and complex data...and that's why we were looked at as a talent pool because we can take that information"*.

To be able to answer to those challenges, competences have a great impact on the internal audit career in Nestlé. **John B.** attested that: *"Executives really look the Nestle Internal Audit department to be a training ground for future leaders in*

the company. People should have high learning agility, create change, want to make a difference in this company and move on into a management position”.

Bianca R, human resources manager, who started as an Advanced Staff Auditor, confirmed her colleague claim by adding: *“I had the opportunity after a year to move into the HR department, the skills that I learned an audit would be confidence and the ability to speak to leadership with the executive level. What you're doing in the audit department is learning for your next steps in your career”.* Thus internal auditor are always asked to be on their high performance and be open minded to learn what they don't and miss, as confirmed by **Andrew M, factory controller**: *“I think one of the best things that that audit teaches you is your ability to learn things that you don't know. Audit is going to put you in a lot of situations that... Maybe you're not an expert in but you have to teach yourself the skills to be successful”.*

To ensure that the internal audit team possess all the skills and competences that allow this function to perform its role soundly and profoundly, Nestlé Group has adopted a Professional Development Support policy that enables auditors to have new learning and acquiring experience as quickly as possible to make them ready for their next career step: This is achieved by the following: (itraineeship.com/traineeships/nestle_group_audit)

- **On-the-job training:** from day one auditor will assume full responsibility within his assigned audit areas ;
- **In-class training program:** Nestlé goes the extra step by providing class training to the auditors in areas such as process reviews, SAP applications, negotiation techniques, project management and audit methodologies. Auditors will have the chance to discuss face to face the latest group developments with the Group Executive Top Management ;
- **Continuous Performance Reviews:** Nestlé Group Audit is committed to high quality standards. It therefore monitors constantly the personal and professional development of its auditors. After each 12 week assignment the auditor's performance is reviewed in a 360 degree assessment.
- **Mentorship Program:** from the very beginning an auditor will have a mentor assigned to him/her who will follow his/her professional development.

V. Results and discussion:

The internal audit function of the past usually played a traditional compliance role with a team of generalist auditors, performing audits fixated on financial and compliance matters to ensure the audit committee and other stakeholders that the organizations processes and procedures were designed and operating effectively and in-line with relevant laws and regulations.

The **main finding** of the empirical study of Nestlé's case, highlights, the change in internal audit is an imperative: generalist internal auditor, with financial

profile, must acquire more and deep training in several fields such as data field, production, models or algorithms, legal skills...The change is not easy but fatal and inevitable. Focusing on motivating and reshaping internal auditors' talents and creativity are the first pillars to tackle in order to succeed this change, as it is done by Nestlé, in which internal auditors has a dynamic role that varies from advising management on risks related to strategic initiatives, industry, organization, process and systemic changes (Insight), to peering ahead to help management envision and act on future risks and opportunities (Foresight) and finally to identifying and helping to mitigate risks associated with protecting and increasing shareholder value (Oversight).

This research has two major **limitations**. Firstly, it is a qualitative explorative research by nature and relies only on one specific case. And secondly, the current study has been performed based on data and information that is available on the websites and the company's reports without our presence, thus a lot of relevant data were out of our reach. Therefore, **future empirical studies** could be performed on large entities with wild rang of access to data to expand the data if the understanding of new role of internal audit. Indeed, there is opportunity for further research to be undertaken across a wider selection of organizations in different fields of activity to use their experience.

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