

Practice Fact Pattern:

ABC Corporation is a large multi-national company that is known for its strong corporate governance and established Internal Audit department. The company's board of directors consists of qualified independent and external directors. Mrs. Taylor is the chair of the Audit committee and has been selected as the committee's financial expert.

Mr. Gary, the Controller and Chief Financial Officer for ABC Corporation, recently hired Mr. Murphy to be the company's new Chief Auditing Executive. Prior to hiring Mr. Murphy, Mr. Gary was responsible for not only selecting the audit committee meeting agenda, but also presiding over the meeting. Consequently, he has decided that Mr. Murphy, in his role as the new Chief Auditing Executive, should report directly to him.

Mr. Gary has informed Mr. Murphy that he and the CEO have decided that it would be in the best interest of everyone if changes are not made to any of the reporting processes prior to fiscal year end reporting, they simply need to "get through it". The company's fiscal year will end in approximately 2 months.

After a little over two months on the job, the Audit committee has stated to Mr. Murphy that they wish to have completely open and honest dialogue and have scheduled a meeting in two weeks to discuss 1) Mr. Murphy's vision as the new Chief Auditing Executive for the Internal Audit department 2) next year's budget and audit plan and 3) what, if anything, should be done with regards to the fiscal year end reporting.

Keep in mind the professional standards that govern Mr. Murphy as Chief Auditing Executive,

Here are the questions that I need help with. The fact pattern that should be referenced, is attached.