



## The Sunera Cost Advantage

How revising your resource model can cut compliance costs in half.

### Other key advantages of outsourcing and co-sourcing are:

#### Flexible Budgets

Total cost of compliance can vary from year to year based on needs, whereas an internal department operates as a fixed cost.

#### Access to Talent

Audit skills and resources can be effectively matched to audit requirements by using specialists in technology, forensics, accounting and other areas where applicable.

#### Manage the Peaks

Internal departments would need a higher level of fixed staff to manage the peak levels encountered during the year, whereas an outsourced model brings resources only when needed to meet the peaks of the audit cycle and moves them elsewhere during off-peak periods.

#### Focused Effort

Outsourced resources try to avoid miscellaneous office distractions, arriving late and leaving early, running errands during the workday, and attending general office meetings, as this time cannot be charged to a project.

#### Sharing Best Practices

Using an outsourcing or co-sourcing provider allows access to more information, experiences and best practices from not only your industry.

### Interested?

For more information on Sunera and our service offerings, please visit us at [www.sunera.com](http://www.sunera.com).

To reduce costs and/or improve quality, most internal audit departments have implemented an Outsourcing or Co-Sourcing strategy with professional services firms such as Sunera. This strategy has been implemented to reduce the total cost of compliance.

To illustrate the potential cost savings of outsourcing or co-sourcing internal audit services, we prepared the following analysis of a typical Fortune 1000 company using two scenarios; a 10 person internal audit department and a 5 person department. The table below represents the estimated costs of operating each department.

Internal Audit Department Costs	10-Person	5-Person
Salaries & Benefits	\$ 1,170,000	\$ 656,500
Add: Recruiting	60,000	30,000
Secretarial Support	40,000	20,000
Technology/Licensing/Training	20,000	10,000
Facilities	25,000	12,500
<b>Total Costs</b>	<b>\$ 1,315,000</b>	<b>\$ 729,000</b>

Although the maximum number of hours available per employee is 2,000, excluding holidays, there are many factors that reduce the number of productive hours that can be focused on internal audit projects. The following table depicts the approximate annual net hours available for focused delivery after being reduced by other factors.

Internal Audit Department Hours	10-Person	5-Person
Annual Hours Available	20,000	10,000
Less: Director Oversight	(2,000)	(1,000)
Vacation	(1,260)	(630)
Train/Supervise/Shadow/Mentor	(1,440)	(720)
Admin	(1,800)	(900)
Unassigned Time	(2,700)	(1,350)
Sick/Personal	(720)	(360)
<b>Fixed Hours Focused on Delivery</b>	<b>10,080</b>	<b>5,040</b>
<b>Cost per Hour</b>	<b>\$ 130</b>	<b>\$ 145</b>

The following table summarizes the cost savings of using the Sunera model to achieve compliance. We use a project based approach and establish a budget based on the scope of SOX and internal audit projects to complete in any given year. Actual costs may be lower than shown below depending on the maturity of your compliance process.

Cost Savings Using the Sunera Model			10-Person Equivalent	5-Person Equivalent
Sunera's Project-based Approach	#	Hours	Total Hours	Total Hours
Internal Audit Projects	10	350	3,500	1,750
SOX (Controls)	600	6	3,600	1,800
Project Oversight & Presentations			710	350
<b>Total Internal Audit Effort</b>			<b>7,810</b>	<b>3,900</b>
Hours Saved Using Sunera			(2,270)	(1,140)
Sunera Rate			\$ 85	\$ 90
<b>Total Cost of Internal Audit Outsource</b>			<b>\$ 663,850</b>	<b>\$ 351,000</b>
<b>Cost of In-house Resources</b>			<b>\$ 1,315,000</b>	<b>\$ 729,000</b>
<b>Net Savings</b>			<b>\$ (651,150)</b>	<b>\$ (378,000)</b>