



**19%**  
OF CONSUMERS  
WOULD STOP  
SHOPPING AT  
A RETAILER  
THAT HAS HAD A  
CYBERSECURITY  
BREACH

**55%**  
OF SENIOR IT  
EXECUTIVES AT  
RETAILERS HAVE  
NOT INVESTED IN  
CYBERSECURITY  
WITHIN THE PAST  
12 MONTHS

“Consumers are clearly demanding that their information be protected, and they’re going to let their wallets do the talking,” says Mark Larson, KPMG’s national line of business leader for Consumer Markets.

Source: KPMG, 2016 Consumer Loss Barometer Report

highest approval ratings. Moreover, CEOs who are company founders have higher approval ratings than executives who were promoted internally or hired externally. The highest-rated CEOs are in the real estate, construction, IT, and finance industries, while the lowest rated are in the retail, manufacturing, transportation, and mining sectors.

CEO pay has the greatest negative impact on CEO approval, with the highest-paid CEOs receiving the lowest approval ratings and the lowest paid receiving the highest approval ratings. Even here, the data suggest that “the negative effect of higher CEO pay on CEO approval ratings can be partly ameliorated if it is accompanied by great company culture.” — **T. MCCOLLUM**

## ILL-EQUIPPED FOR ANTI-MONEY LAUNDERING

Regulatory complexity has executives worried about inadequate staff and resources.

Seventy-nine percent of 280 senior-level executives of financial institutions surveyed are moderately or very concerned about enterprisewide compliance and the integration of their anti-money laundering (AML) programs, according to a recent survey from financial services technology provider NextAngles. Challenges cited around AML programs include the introduction of new regulations (77 percent) and staffing concerns (76 percent).

“The survey shows increasing anxiety among financial institution executives that they are insufficiently staffed and equipped for today’s compliance challenges,” NextAngles CEO Mallinath Sengupta says.



Respondents say their AML programs are challenged by staffing issues such as the competitive job market, shortage of qualified applicants, and restricted budgets.

Nearly two-thirds of respondents expect their AML compliance spending to increase by at least 5 percent within the next 18 months. Similar findings in Financial Crimes Survey 2016, from *Operational Risk* magazine and BAE Systems, indicate that 51 percent of the 204 respondents expect budgets to rise in the next three years. — **S. STEFFEE**

## STUDY RANKS CYBER AWARE COUNTRIES

Fourteen countries are recognized for promoting cybersecurity preparedness.

The U.S. ranks No. 1 among the most cyber aware countries, according to a recent study by cybersecurity distributor Turrem Data. The rankings are based

on the Global Cybersecurity Index issued by ABI Research and the International Telecommunication Union. In addition to the ranking, the study discusses what countries can do to

prepare for potential cyberattacks and implement protection plans.

The compiled data identifies five indicators of cybersecurity preparedness that governments should look



VISIT [InternalAuditor.org](http://InternalAuditor.org) to view a video interview with Julia Gillard.

at to improve their nation's cyber awareness: legal measures, technical measures, organizational measures, capacity building, and cooperation. The study recognizes the U.S. for best practices such as its Industrial Control Systems Cyber Emergency Response Team (ICS-CERT) and Critical Infrastructure Protection Program.

Canada ranks second because it requires federal agencies to have an IT security strategy and has seven institutions that promote cybersecurity. Australia, Malaysia, and Oman are tied for third for having computer crime and consumer protection operations, relations with other national CERT agencies, and cybersecurity strategies and plans. Rounding out the rankings are New Zealand, Norway, Brazil, Estonia, Germany, India, Japan, South Korea, and the U.K.

The study notes that three countries—China, Russia, and Switzerland—did not make the list because of their lack of progress in building cybersecurity capacity. Switzerland, especially, was expected to be ranked because it is home to several important international organization headquarters such as the European Organisation for Nuclear Research and the World Economic Forum. Such lack of cybersecurity preparedness is common in most countries, though, the report says.

— NICOLE LICOURT

## TRANSPARENCY OFFERS REASSURANCE

Expectations about what good governance is changes over time, says former Australian Prime Minister **JULIA GILLARD**.



### How important is good corporate governance to a strong national economy?

Good corporate governance is vital to a strong national economy. Unless people can transparently see what is happening in an economy, they can't properly calibrate risks and opportunities. So around the world we see patterns of investment going into economies that have good governance and transparency and can offer people reassurance. That's something that, as prime minister in Australia, we were always very proud of. But it's something you've got to keep building because norms and expectations about what good governance is changes over time.

### Given Australia's ties with Great Britain, how will the Brexit vote impact Australia's trade?

For Australia, the real implication of the Brexit vote is not so much a trade implication. Our trade relationships are very diversified, and much of our trade is in our own region of the world, particularly with China, and with the U.S. The thing that is most flowing through Australian political discourse about Brexit is the sign it sends that around the world there is a lot of disgruntlement with the impact of globalization—a lot of turning away from internationalism—and, ultimately, that could affect every nation on earth as people seem to be losing faith in global structures.

## INTERCOMPANY ACCOUNTING FALLS SHORT

A recent poll finds coordination lacking among organizational legal entities.

More than two-thirds of the 3,800 finance and accounting professionals polled by Deloitte say their organizations are working toward greater consistency in intercompany accounting, but they haven't yet achieved it. Less than 10 percent indicate their organization has a holistic accounting framework with efficient systems and communications across critical functions.

Deloitte defines *intercompany accounting* as "processing and accounting for internal financial activities and events that impact multiple legal entities within a



company." It can include sales of products and services, fee sharing, cost allocations, royalties, and financing activities.

Intercompany accounting "can become a real challenge to those experiencing global growth, mergers and acquisitions, and supply chain integration," says Kyle Cheney, a Deloitte Advisory partner. Disparate software systems are respondents' greatest intercompany accounting issue. — **D. SALIERNO**

Copyright of Internal Auditor is the property of Internal Auditor and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.