

Newsletter

Message from the Chair

I welcome you to the third edition of our newsletter on current topics and events regarding the Chair of Internal Auditing.

Taking a look back at the past semester, it was, despite some challenges such as the cyber attack on our University, an eventful and very interesting one filled with numerous activities. By organizing multiple events, we had the opportunity to get in touch with practitioners and corporate professionals. Besides various practice-oriented seminars, several companies visited us for

networking events, mostly as part of our Student Chapter.

We thank all of you who consistently supported us through guest lectures, participating or supporting our research, or the like. We greatly appreciate the support and interest that has been shown to our chair and hope to maintain the new and existing relationships that were created or further deepened during this last semester. We would like to invite all newsletter readers to check out our [LinkedIn page](#) in order to stay in touch with our chair.

Through this page, we provide our followers with news about the chair's activities. We hope this newsletter will provide you with an overview of our research and teaching activities and thus will get you (even more) interested in the topic of internal auditing.

I hope you enjoy reading the third edition of our newsletter and would like to thank all persons who have contributed to this edition and of course, our readers.

Sincerely,

Prof. Dr. Marc Eulerich



Prof. Dr. Marc Eulerich

Open for Submissions: The 2023 Thesis Award of the German Institute of Internal Auditors (Deutsches Institut für Interne Revision e.V., DIIR)

Every two years, the DIIR honors outstanding theses, might it be dissertations, bachelor's or master's theses, that address any topic regarding internal auditing, with the DIIR Thesis Award. The application process is still open for the submission of published and unpublished bachelor's or master's theses, dissertations, or comparable qualifying work. The deadline for submissions is May 31st, 2023. The

submitted manuscripts will be thoroughly discussed according to various evaluation criteria such as relation to internal auditing, degree of innovation, expected benefits for practice as well as comprehensibility, precision and conciseness of the work. The recipients of the Thesis Awards will be informed beforehand and publicly announced at the DIIR General Meeting in November 2023. In the past years, nu-

merous students of the Chair of Internal Auditing were already chosen to receive this award for their work. Thus, we would like to encourage all students that were graded good or even very good, to submit their work for consideration.

Further information can be found [here](#).

DIIR

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Awards

PKF Fasselt Thesis Award

For 22 years now, the auditing and tax consulting firm PKF Fasselt has been awarding the FASSELLT Thesis Award to students of the University of Duisburg-Essen. The Thesis Award honors outstanding thesis projects in the following disciplines: business taxation, accounting, auditing and controlling as well as internal auditing. At the award ceremony held in

November 2022, five projects were honored with the award, of which two were supervised by the Chair of Internal Auditing. We congratulate our students on their achievement!



Read more about their projects below:

Ayse Kötemen

“The Usage of Predictive Analytics within the Controlling Function - An Empirical Analysis”

Based on 193 observations, Ayse Kötemen examines the implementation challenges currently encountered in practical applications of predictive analytics in controlling. The thesis shows the central obstacles for the further development of predictive analytics in management accounting and enables conclusions about the needs for action.

Tobias Meier

“The Usage of Internal Audit Function in the M&A Process”

Tobias Meier's thesis evaluates the development of internal audit involvement and its contribution to the M&A process. Using expert interviews among M&A process participants and internal audit functions, new insights on the value added, practical use, obstacles, and solutions with regard to the use of internal auditing in the M&A process are provided. (For a more detailed summary, please see our [Summer term 2022 newsletter](#).)

Research Activities

Get involved with our Research!

The Chair of Internal Auditing is currently conducting a study on internal audit budgeting and kindly asks for your support. Please feel free to distribute the study link to your colleagues. Each observation contributes to the development of internal audit research!

Internal Audit Budget

In the light of advancing digitalization and shifting topics covered by internal auditing, internal audit budgeting is becoming increasingly important. This research examines budgeting of the internal audit function, explicitly targeting members of the internal audit function (e.g., CAE, internal auditor, etc.), members of the corporate management (e.g., C-suite, VP, director, etc.), and in general, members of the corporate governance (e.g., board of directors, supervisory board, audit committee, etc.). As a part of this study, you will be making judgments about the budget of the internal audit function. The responses will be anonymized in order to prevent any conclusions being drawn about the participants or their companies.

We thank you for your participation!

The survey can be found [here](#).

We greatly appreciate your support!



Research Activities

A Selection of Our Current Working Papers

Drivers for the Maturity of Integrated Governance in Organizations – An Empirical Investigation

Anne Christine d'Arcy and Marc Eulerich

This paper sheds light on the maturity levels of integrated governance and their drivers. Integrated governance incorporates and optimizes all assurance functions in an organization. This supports an effective risk control environment and the integrity of information used by management, the governing

body, and its committees. A lack of coordination among organization's assurance functions might cause challenges such as siloed risk functions, gaps in risk coverage, and redundant controls. Research suggests that no organization has attained a mature level of integrated governance so far. Within

the paper an unique and proprietary data set from 148 companies reporting on their activities to coordinate and align their separated assurance functions is used. By using this approach, important drivers for the maturity of integrated governance such as the awareness of integrated governance

within the organization, the implementation of the Three Lines (of Defense) Model, and the maturity levels of subsystems such as risk management and the internal control system are identified.

The paper can be downloaded [here](#).

The Impact of Internal Audit Team Diversity on the Internal Audit Function's Work

Annika Bonrath and Marc Eulerich

Given the notable heterogeneity among findings on how diversity affects performance, the paper investigates diversity in internal audit teams by using responses from chief audit executives. The effects of demographic and cognitive diversity are analyzed, and evidence is found on how diversity affects internal

audit performance. The diversity metrics used in this paper go beyond gender diversity to include nationality and education. National diversity is becoming increasingly important against the backdrop of internationalization of companies and the international orientation of internal auditing. The findings show that skewed

group composition regarding gender impairs team performance while more balanced group composition has a conducive effect on performance. Similarly, the Authors find evidence for national diversity and educational diversity enhancing the performance. The results illustrate how diversity can also trigger biases to exclude

minority groups, such that teams do not integrate additional perspectives to improve decision-making and offset the expected benefits of diversity.

This paper can soon be downloaded [here](#).

Internal Auditors' Role in Organizational Innovation: A Social Network Perspective

Margaret H. Christ, Anna Katharina Eulerich, Marc Eulerich, and David A. Wood

Organizations use innovations to adapt, grow their business, and differentiate themselves from their competitors. However, innovations can introduce new risks to the organization that the internal audit function (IAF) should address. In this study internal auditors are interviewed and surveyed about how they respond to innovations, such as the use of emerging

technologies, adopted by their organizations. The authors find that social network theory provides a useful lens through which to interpret the interview results and to guide the analysis and development of the survey. In particular, the study shows that the embeddedness of the internal auditors with management, but not with the audit committee, is a key factor in internal

auditors' ability to prepare for and effectively respond to innovation. Furthermore, there is evidence that IAFs that are better able to prepare for innovations are more likely to increase staff and improve the mix of staff skills to effectively respond to innovation. Also, when organizations rely on outsourced IAFs, those IAFs are less prepared for, but respond more effectively to

innovations. These findings reveal that social network factors are important for internal auditors to develop embeddedness and to be prepared for and effective in their response to innovation in their organizations.

This paper can be downloaded [here](#).

Research Activities

A Selection of Our Current Working Papers

Development of a Framework of Key Internal Control and Governance Principles for Robotic Process Automation (RPA)

Marc Eulerich, Nathan Waddoups, Martin Wagener, and David A. Wood

Although robotic process automation (RPA) usage is growing rapidly in accounting, concerns are emerging regarding the internal controls and overall governance structure surrounding RPA. To help address these concerns, a design science research approach is used and

together with a Fortune 500 company a RPA governance framework was developed. The framework consists of 4 governance areas and 14 control requirements, which help maximize the benefits and minimize the risks associated with the use of RPA. The framework was validated

to be useful and generalizable to many organizations by presenting the framework to and subsequently interviewing and surveying 84 professionals at different organizations, including internal and external auditors, chief audit executives at several multi-

national corporations, academics, accounting and finance professionals, and other RPA stakeholders. Their feedback suggests the framework is successful in achieving its objectives.

The paper can be downloaded [here](#).

The presented working papers and further research can be found on [Prof. Dr. Marc Eulerich's author page at SSRN.com](#).

A Selection of Recent Publications

Mergers and acquisitions research — A bibliometric analysis

Marc Eulerich, Raphael Kopp, and Benjamin Fligge

[European Management Journal, 2022, 40 \(6\): 832-846](#)

Using articles of leading management science journals for the years 1963–2019, this paper takes a holistic view of M&A research to map interrelationships among key documents, authors, institutions, and countries; trace the evolution of M&A research over time; and suggest avenues for future research to expand the boundaries of M&A studies.



Internal Auditor's Role in ESG Disclosure and Assurance: An Analysis of Practical Insights

Marc Eulerich, Annika Bonrath, and Vanessa Lopez Kasper

[Corporate Ownership & Control, 2022, 20 \(1\): 78-86](#)

This paper examines the internal auditor's role in environmental, social, and governance (ESG) disclosure and assurance by using survey data. The results give evidence for organizations' and internal audit functions' (IAFs) ESG maturity being associated with ESG reporting, while IAFs' involvement in ESG shows a significant association with assurance of ESG reports.

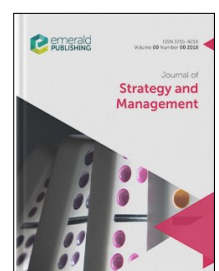


Analyzing the strategy-performance relationship in Germany - Can we still use the common strategic frameworks?

Marc Eulerich, Anna Katharina Eulerich, and Benjamin Fligge

[Journal of Strategy and Management, forthcoming 2023](#)

This study examines the strategy-performance relationship within publicly-traded German firms by analyzing a sample of 651 firms between 2000 and 2019, employing a principal component analysis. While evidence is found for the existence of efficiency-based strategies, differentiation-based strategies, and mixed strategies, only differentiation-based strategies are found to be positively related to performance.



Global Relations

2023 Auditing Section Midyear Meeting

In January 2023, Marc Eulerich and three of the Chair's research associates, Annika Bonrath, Benjamin Fligge, and Vanessa Lopez Kasper attended the 2023 Auditing Section Midyear Meeting of the American

Accounting Association in Austin, Texas. Mr. Eulerich presented a research project on the effects of chief audit executive rotation and audit committee quality on the internal auditor's fraud risk judgement, while his

research associates participated in the doctoral consortium. The three-day conference and preceding consortium were filled with inspiring insights and great networking opportunities with peers in the audit field.



Prof. Dr. Marc Eulerich presenting a current research project

2023 Joint Midyear Meeting of the AIS, SET, and International Sections



Prof. Dr. Marc Eulerich and his PhD students at the conference

The 2023 Joint Midyear Meeting of the Accounting Information Systems (AIS) Section, Strategic and Emerging Technologies (SET) Section, and International Section of the American Accounting Association was held in Las Vegas, Nevada in January 2023. Marc Eulerich and his PhD students Annika Bonrath, Benjamin Fligge, and Vanessa Lopez Kasper attended the meeting and had the oppor-

tunity to participate in PhD consortia, present current research, and network with some of the best Accounting Researchers worldwide. Annika Bonrath presented two research projects: a joint research project with Marc Eulerich entitled "The Impact of Internal Audit Team Diversity on the Internal Audit Function's Work" and a project in collaboration with Marc Eulerich and Martin Wagener. Marc Eulerich ad-

ditionally presented a joint research project with Benjamin Fligge, David A. Wood, and Vanessa Lopez Kasper entitled "Continuous Auditing as a Catalyst for Organizational Learning: Observing Long-Term Effects using Real-Life Data". The three-day conference was filled with valuable feedback and research input as well as pleasant conversations.

2023 Forensic Accounting Research Conference in Salt Lake City, Utah

In March 2023, our Chair's research associate, Annika Bonrath, attended the 2023 Forensic Accounting Research Conference in Salt

Lake City, Utah. She presented a joint research project with Benjamin Fligge and Marc Eulerich, which focuses on large-scale fraud

cases in the United States and their peer effects. The conference covered a broad range of topics including fraud examination skills

from a former FBI Special Agent, fraud in the crypto exchange sector, biases in whistleblowing, and many other interesting topics.

Doctoral Colloquium at Syddansk Universitet in Kolding, Denmark

After two years of virtual conferences, a three-day doctoral colloquium was held at the Syddansk Universitet (University of Southern Denmark in Kolding) in October 2022. The aim of the doctoral colloquium is to give PhD students the opportunity to present

their research projects, discuss about the very same, and further develop their ideas. Our Chair's research associate Martin Wagener attended the conference and discussed Konstantin Kühle's paper on "The impact of assurance on corporate governance statements

on financial professionals' decisions." The colloquium additionally opens the chance for PhD students, from different regions of Germany, to get in touch with each other and extend their network to other researchers.



Martin Wagener discussing a research project

Eight Questions to...

Dorothea Mertmann, CEO of the German Institute of Internal Auditors

DIIR

Dorothea Mertmann is the CEO of the German Institute of Internal Auditors (Deutsches Institut für Interne Revision e.V., DIIR), which is the professional association of internal auditors in Germany. After working several years in the field of



Dorothea Mertmann, CEO of DIIR

internal auditing in organizations such as PWC or Unilever, she became CEO of the DIIR in 2014. Since then, Ms. Mertmann has consistently collaborated closely with internal auditors from all over Germany, while being in ongoing exchange with the European and global professional associations of internal auditors, as well as with our chair. The Chair of Internal Auditing at the University of Duisburg-Essen was initially a junior professorship established by the DIIR. From this starting point, the cooperation between the chair and thus the DIIR and Ms. Mertmann has grown steadily in recent years. As the CEO of the institute, Ms. Mertmann closely collaborates with Mr. Eulerich and his entire team. Among other things, she supports the chair in the specification and

implementation of research projects, for example, by making contact to relevant partners in practice. She is also a welcomed guest at our campus in Duisburg and promotes contact between the chair and practitioners in the DIIR working groups. With her expertise and many years of experience in the field of internal auditing, Ms. Mertmann not only supports the chair in an advisory capacity, but also brings up critical questions about research projects and provides the team with inspiring research ideas addressing topics that are currently occupying the profession. Ms. Mertmann therefore operates as an important link between the Global Institute of Internal Auditors (Global IIA), the European Confederation of Institutes of Internal Auditing (ECIIA), and local practitioners, but also between research and practice in Germany.

How did your passion for the internal audit profession develop? Or in other words, how did you end up in the field of internal auditing?

I first heard about internal auditing during my time at Unilever when talking to colleagues from the internal audit department. After having heard about their experiences, it quickly became clear to me that I wanted to work in this area. What particularly excites me about the tasks of internal auditing is the opportunity to deeply get to know different divisions, departments, and processes across the organization within a short time, as well as to travel to different countries and work together in intercultural teams, which is very exciting and special within the area of internal auditing.

Which aspects of a career in the field of internal auditing are the most exciting for you?

Having the opportunity to learn about a broad variety of topics covered within the organization, as well as learning a lot about the company itself. As an internal auditor, you are able to get to know all the different areas of an organization and contribute to process improvements in various ways, which is especially thrilling and unique to the profession of internal auditing.

Dorothea Mertmann's opinion about the Chair of Internal Auditing:

The Chair of Internal Auditing is very important for the internal audit profession and research on that topic. It provides many opportunities for students who want to research or become part of the profession. In many years of close cooperation, which still continuously develops, important contributions to research on internal auditing have been made. The work of the chair can be summarized as "science meets practice".



Eight Questions to...

Dorothea Mertmann, CEO of DIIR

DIIR

Which challenges will the internal auditing profession face in the coming years? Are there any obstacles to overcome?

To start with, professional challenges for internal auditing are increasing with new topics such as ESG or cybersecurity. At the same time, the speed at which these topics emerge and need to be addressed have enhanced dramatically, posing additional challenges for the profession. In times of a shortage of skilled workers, it is difficult to recruit and retain the appropriate candidates, and without the necessary resources, the numerous audit areas cannot be properly addressed.

What will be the characteristics of a well prepared internal auditor in the upcoming years?

In the future, a good internal auditor will be the person who perceives lifelong learning as more than just good advice. A strong analytical mindset combined with interconnected thinking will be in demand.

Get involved

The interview questions are based on a collection of questions from students, including IAEP Student Chapter participants. Thank you for your individual input.

If there are questions which you always wanted to ask an expert in the field of internal auditing, feel free to email them to us at newsletter.internalaudit@uni-due.de.

Are there any trends or current developments that you believe will permanently change the internal audit profession in the future?

Rapidly advancing technology, plus the increasingly faster and enhanced availability of data, will permanently change the profession. On top of that, topics such as sustainability and climate change are having a major impact and affect the profession in many respects. These topics will not only have an effect on the audit areas with regard to new audit subjects, but also in terms of the way the profession works, for example, remote work and less traveling are required to reduce carbon emissions.

How would you evaluate the role of women in the internal audit profession and how will it change in the future?

A growing number of qualified women take on the role of the Chief Audit Executive, and this equally holds for DAX companies. There is definitely still some backlog, but we are on the right path to increase the proportion of women in internal auditing, especially in management positions.

What aspects of your work at the DIIR do you consider to be particularly exciting?

To me, most importantly, the variety of tasks and the proximity to the internal audit community, with whom I closely and intensively exchange are particularly exciting. This continuously provides me with insights into corporate practice. But also, networking and committee work for the DIIR in close cooperation with the ECIIA and the Global IIA.

Looking ahead, what do you wish for the future of the internal auditing profession?

For the future, I wish the role of internal auditing to be perceived even stronger and as an important pillar of corporate governance and that internal audit positions itself as a strong partner in the corporate field. The need for an internal audit function within the corporate context should be clarified and the role of internal auditing in governance must be understood.

News from the Campus

Introduction of a new lecture in Winter Term: ESG & Sustainability Management

During the last winter semester, the Chair of Internal Auditing introduced a new lecture on ESG & Sustainability Management to the students. In order to address

the importance of environmental, social, and governance (ESG) topics as well as sustainability in its various aspects, we are now dedicating a specific lecture to this

increasingly relevant subject area. This lecture is aimed at Master's students and provides insights into current corporate issues and developments relating to the field

of sustainability and ESG. It covers the basic knowledge of the topic and takes an in-depth look at the reporting, external communication, and regulatory background.

Fraud Seminar with Prof. Kip Holderness from West Virginia University

During the last days of March, the Chair of Internal Auditing conducted a three-day, practice-oriented seminar on fraud in collaboration with Prof. Kip Holderness from West Virginia University. Kip Holderness is a specialist in managerial and forensic accounting. He primarily focuses his research on the impact of fraud and deviant employee behaviors on individuals and businesses, as well as improving detection methods. His work was published in practitioner and academic journals covering fraud and forensics, auditing, accounting, information systems, and accounting education.

The seminar was kicked off by exploring theoretical areas of fraud, including the fraud triangle, Benford's law, and approaches to investigate fraud and gather evidence. Mr. Holderness stressed the need for personal information awareness as well as the importance of concealment as a crucial factor in determining the intent of the fraudster. Furthermore, he emphasized an increased reliance on documents in contrast to eyewitnesses. The students gained practical insights into fraud investigations through a case study and worked in groups to investigate a fraud case in a real estate company. By

processing the materials provided, they were able to further decode and finally solve the fraud case. Lastly, the students prepared an investigation report to document the findings and respective evidence. Overall, this seminar was an excel-

lent opportunity for the students to gain practical insights into Fraud Investigations. We would like to sincerely thank Prof. Kip Holderness for visiting our university and providing our students with this unique opportunity.



Prof. Kip Holderness discussing with students the factors for Fraud using the Fraud Triangle.

Seminar Corporate Governance & Internal Auditing in cooperation with KPMG

In the past winter semester, the Chair of Internal Auditing held a seminar for stu-

dents on various topics related to corporate governance and internal auditing in

cooperation with KPMG. After a two-year break due to COVID, the students had the opportunity to present their research results in a unique atmosphere, which was the meeting room of the KPMG partners, at the office in Düsseldorf. A wide range of recent topics were discussed, such as board compensation, experts in the board room, ESG assurance, and trends of accounting information research. The discussions on the research

topics provided the students with valuable practical insights. Apart from the scientific exchange, the evening was finally concluded by an informal get-together. This was also a great opportunity for the students to learn more about possible career opportunities while getting in touch with the specialist departments. We would like to thank KPMG for their kind hospitality and most importantly, their input on the students' work.



Participants of the seminar at the KPMG offices in Düsseldorf.



News from the Campus

IAEP Student Chapter meets Deutsche Bank



Deutsche Bank Internal Auditors presenting their graduate program to Students and members of the IAEP Student Chapter

In October 2022, the IAEP Student Chapter had the opportunity to welcome a team of internal auditors from Deutsche Bank AG, including an graduate and former member of the Student Chapter, for a meeting on the theme of "Searching for clues in the bank". In addition to gaining insight into Deutsche Bank's auditing function, the 90-minute event also provided students with the opportunity to ask questions, expand their network, and directly engage in an open discussion on the presented topic. The meet-

ing highlighted the diversity of the auditing profession and a wide range of working amenities at Deutsche Bank. In an informal atmosphere, all students contributed to a successful meeting, and it was a pleasure to welcome the internal auditors of Deutsche Bank.

We would like to express our appreciation to the Deutsche Bank presenters for taking the time to share their experiences and for their commitment to support our IAEP Student Chapter.

Stefan, Member of the IAEP Student Chapter:

"The presentation provided very interesting insights into the company and how a possible career start could look like. Seeing a former member of the Student Chapter presenting has shown me what opportunities these events can open up."

IAEP Student Chapter: Membership and Upcoming Events

The IAEP Student Chapter is an association of students who are passionate about the internal auditing profession and want to promote the interest in an internal auditing career among the student body. As a part of the IAEP Student Chapter, the Chair of Internal Auditing encourages an intensive exchange between students and practitioners and helps them build a professional network.

Some of this exchange takes place in the context of company presentations, as described in the article above, which besides the opportunity to network, offers students the chance to identify potential career opportunities.

During the upcoming summer term, the IAEP Student Chapter will be hosting a number of events again, and the upcoming one is announced in the following

text. At the 10th of May, an event with the auditing and consulting firm KPMG will take place, ending with an informal evening event.

If you are interested in becoming part of the Student Chapter or participate in the

next event, please send us an e-mail to:

studentchapter.ircg@uni-due.de

Further information can be found on our IAEP Student Chapter [homepage](#).



Internal Auditing Education Partnership



Job Vacancies

Internship and Working Student Positions

Working Student - Internal Control System (m/f/d), Aixtron SE

You can find the job ad [here](#).

Working Student Internal - Audit & Controls (m/f/d), Intersnack Group GmbH & Co. KG

You can find the job ad [here](#).

Full-time Positions

Manager Audit Commercial (m/f/d), and Internal Audit Expert - Intelligence & Quality (m/f/d), Uniper SE

You can find the job ads [here](#) and [here](#).

Officer General Consulting/Strategy in Corporate Internal Audit (m/f/d), Deutsche Lufthansa AG

You can find the job ad [here](#).

Internal Auditor (m/f/d), Henkel AG & Co. KGaA

You can find the job ad [here](#).

More job offers can be found [on our website](#).

Chair of Internal Auditing

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Do you have any suggestions for us or would you like to contribute to the Newsletter by providing an expert interview, an article, or similar? Feel free to send us an e-mail to newsletter.internalaudit@uni-due.de.

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