The Role of Internal Audit in Optimization of Corporate Governance at the Groups of Companies

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Abstract. Recent financial scandals have demonstrated that the risk of accounting fraud may be vague in any type of economic system. In this context, transparency of information, indispensable element for competitiveness in the market is an efficient operation of systems of corporate governance and especially of control systems. All these must be appropriate in the legislation in terms of external information. The issue of governance will thus be seen as a fundamental pillar against pressures which induce at the fraud as a result of lack of transparency of information flows. In all models of corporate governance, external regulations cover a primary role in ensuring the effectiveness of controls, but remain central the responsibility of entities to adopt a virtuous mechanism as an internal control profile. An example in this sense of "best practice" may be represented by the multinational companies that have known to harmonize the national rules with the typical instruments of other models of governance. The authors have established that the main objective in this work is the evaluation model of governance already existing in a group of companies in accordance with the principles of corporate governance. In the first part of the work it was made a comparative analysis between the models of corporate governance, focusing on the role of transparency of communication, the primary tool in prevention of frauds, the link between information and prevention of frauds being independent of the model of corporate governance adopted, by the structure of organization and the control mechanisms. The work
continued throughout the first part, with the role of internal audit in preventing the accounting fraud, given that any type of government, regardless of how it is configured and the reference market in which we find, to be considered efficiently must provide an appropriate control mechanisms, able to intervene in critical situations and to protect the interests of all categories of users. The role of internal audit of the company, considering the influences of the control of management, assumes a first importance in the corporate governance sphere. This was also the reason why the authors have proposed in the second part of the paper to build a model of optimal risk management in listed and unlisted companies, and based on a model of optimal corporate governance at the level at groups of enterprises, focusing on the fundamental role of the audit.

Keywords: models of corporate governance; governing system; internal control; audit; risk management.

JEL Code: M42.
REL Code: 14G.
1. The models of corporate governance. A comparative analysis

The role of corporate governance systems

According to a famous definition “Corporate governance is the system of rules and norms are likely to be institutional market in the area arising or pursuing different categories of stakeholders, shareholders, management, public administration, personnel dependent, consumers, etc.”.

This definition is supplemented by expressly stated goal of “Principles of Corporate Governance”, the OCSE (1999), the “strategic insurance management company, effective management of part of the trust and loyalty of members. Public, staff-dependent, consumers, etc.”.

Results very clear the close link between corporate governance and operation of competition in the market. Transparency and protection of minorities aim not only a fair distribution of risks in the sphere of business entity, but a properly functioning of the market in the broader sense: it should provide strong mechanisms, depending on the governing bodies to act in favor shareholders, thereby maximizing the economic value of the company. In this context it may be interpreted the strong relationship between the structures – governance mechanisms and prevention – management of the accounting fraud.

The systems of governance have in fact two main objectives: to provide integrity management and guidance to maximize the created value for shareholders.

A transparent and timely communication is the first instrument that can be prevented accounting frauds. The link between information and frauds prevention is independent of the mode of corporate governance adopted by the organization structure and the control mechanism.

![Diagram](image)

**Figure 1. The aim of corporate governance**
The governing system of every member state presents the characteristics of the historical, economical and legal context, therefore an immune model to such fraud practices does not exist any more. In such a case, it is interesting to highlight how the common origin of corporate governance rules depends more than relevantly on the characteristics of the system of the analysis countries.

In countries where the corporate governance is at its pioneer stage, such as Great Britain and USA, the private regulations follow the public ones.

The intermediates that manage the stocks are interested in a good functioning of the market and therefore in the trust offered by this, which is guaranteed by the stringent conditions of market admittance and negotiation, especially in transparency terms. Therefore, though it is not necessary, the market rules come as being perceived at a legislation and public regulation level, assuming the role of “mandatory regulation”.

In the Continental Europe countries, especially in Italy and France, the regulation of the markets and the society leaders is more public; this difference also has a substantial signification – the “origin” public intervention in being inserted in a less receptive context and exposed to numerous unfriendly environment terms.

It is obvious, therefore, that the economical and social reality, existent in different countries, gave birth to a series of structures of control distribution and management, that are not alike, each one being specific to the reference market with absolute particular characteristics and non totally reproducible. Overall, we can highlight the fact that in Europe, and mostly in Italy, Germany and France, the property and the control of the listed companies must be strongly concentrated, and the rate of property attributed to the market must be relatively reduced, understood as an assembly of minor shareholders. In the Great Britain and the USA, the property is diffuse (allmost 90% on market), and the cases of rightful control or rightful fact are few.

There can be observed how in the non-Anglo-Saxon world there is proving a widely concentration of the control of the listed companies: that is, when a subject controls the majority of the votes, in fact whenever the shareholders are absent, a rate minor than 50% is actually enough to ensure the majority required. It is often observed a fall of the property right owning, either by emitting a particular category of shares, either by property pyramids or crossed participations, designed to guarantee the right control, without any related effort over the property. In the Great Britain and the USA, the situation is different, the fragmentation of the whole property not consenting here to any act of exerting a control over the company, that will be trusted to one or more managers, independently to the fact that they are shareholders or not. Regarding the efficient and functional structure of corporate governance, which to ensure
integrity and rights to be respected all categories of stake holders, the problems that can be manifested are referred to the possible Agency costs, regarding the separation of control property.

Independent of the reasons that lead to frauds, in the typical European model, but also in the Anglo-Saxon, the major control shareholder but also the controlling manager, non-owner, can attribute diverse types of privileges, economical or not, absolutely not justified, towards the interests of the company and the minor shareholders. In the situation of a diffused property, no shareholder is in a position to control the activity of the economical resources’ manager.

The minor shareholders have no way of expressing over the usage of internal resources or loans, with the alternative of a larger distribution of the profit or a reduced debt expense that are not capable to exert an efficient monitoring act, either due to the lack of information, either because there is a problem called “collective act”, because each minor shareholder benefits, of course, of control initiatives assumed by others but himself does not dispose of sufficient means and stimulants to assume them.

The problems that we have mentioned earlier are being taken care of, one at a time, when a control shareholder, more or less relevant, being the holder of property rights (security benefits), embraces the costs and benefits of the economical decisions.

This dividing of the control advantages, to all the other shareholders, reduces the monitoring cost that is a component of the agency cost.

In this care, there are other complex costs, for the minor shareholders, exactly for the only artifice of the economical decision, and the major shareholder can take advantage of its own power to go after his own interests, by stealing either from equity or other values belonging to the shareholders. The means of conducting these types of frauds are different, for example: the making of correlated parts transactions or transactions in clear interest conflict with the interests of the market, the sale or the acquisition of fix or financial assets at an non-favorable price, or the exploit in own interest of the advantages offered by the privileged informing regarding the perspectives of the company. Based on this information, it is possible to rationalize different structures of corporate government, the expression of international financial markets.

*Tentative classification models of corporate governance*

Two main models of corporate governance depend fundamentally on how the design of separation between ownership and control. In the “outsider system”, defined and “market oriented”, the categories of companies are the so-called “public companies”, characterized by an increased separation of the
property, typical of companies listed on regulated financial markets and a low concentration of ownership. The market itself is the main mechanism for regulating conflicts between shareholders and managers, which are monitored by the market, due to continuous changes of ownership through shares negotiation. Such a model of corporate governance, characterized the Anglo-Saxon and American, in which the “common law” system, the protection of minority shareholders and creditors, is very high and the ownership society is prevalent diffuse.

In the “insider system”, defined as the model “rin”, the ownership is highly concentrated in a tough base with a strong role in decision-making, consisting of one or few groups with a familiarly or bank character. The pivot of the system is represented by the relationship between the State, industry, and the banking system, the financial market not being developed in a specific effective efficiency, because of the strong presence of the banks in the capital of the company, of the influence of them in decision making and management decision-making guidance for achieving and respecting the interests of owners.

Such a model of corporate governance characterizes European countries, especially Germany, Switzerland, Austria, France and Italy (with some peculiarities) in which ownership and control of listed companies are heavily concentrated, the share of ownership is attributed to the relatively low (understood as a group of minority shareholders).

An important consideration to be highlighted, based on the classification just given, is about the valence which, in the two models, the information assumes. It was also stated about the role of communication in coverage of corporate governance and economic management, but it is necessary to add that according to the examined model one can see how this is a crucial variable in the functioning of the market.

In the model “Outsider system” a model of governance in which the market cover, because the logic of “take over” the role of “arbiter” of economic performance, external information assumes a fundamental role in the proper functioning of the same markets. In the absence of transparent and accurate information and without the availability and reperibility for all stakeholders, the stock exchange loses its control and the self-corrective organism typical for this structures of corporate governance. In accordance with the experience of continental Europe, most often, the information loses the role of impartial instrument of communication, because they tend to privilege the interests of a reduced part of the stakeholders, the control shareholders and for the operators it is not possible to easily access inherent information of the management and economic performance.
Systematizing, we can assert that it is possible a reassumption of the typical features of the two models as follows:

a) The “insider system” model, is characterized by the following:
   - property (equity) concentrated in banks or families often represents the reference shareholders;
   - the control normally exercised by the major shareholders;
   - the capital markets relatively illiquid;
   - the existence of implicit contracts and relationships of trust very tight, based on personal relationships between owners, managers, suppliers;
   - absence of a real market for control;
   - the central role covered by banks in the system of corporate governance.

b) The “Outsider system” model or Anglo-Saxon system is characterized by:
- Diffuse ownership (equity);
- Very liquid capital market;
- The market for the control very diffused, on the continuous improvement of “take over” for companies “underperforming”;
- Major attention and defence of the interests of major shareholders, in particular of the minority;

A table classification of the two models of governance would be shown in the following:

<table>
<thead>
<tr>
<th>The characteristics</th>
<th>Market-based system</th>
<th>Credit-based system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio credits/risk capital</td>
<td>Low</td>
<td>Higher</td>
</tr>
<tr>
<td>Concentration of the capital</td>
<td>Medium-low</td>
<td>Medium-higher</td>
</tr>
<tr>
<td>Crossed capital</td>
<td>Little diffused</td>
<td>Very diffused</td>
</tr>
<tr>
<td>Separation owner-control</td>
<td>Very stressed</td>
<td>Least marked</td>
</tr>
<tr>
<td>The monitoring model</td>
<td>Externally (external threat)</td>
<td>Internal</td>
</tr>
<tr>
<td>Market model of shareholders</td>
<td>Outsider</td>
<td>Insider</td>
</tr>
<tr>
<td>The number of listed companies</td>
<td>Higher</td>
<td>Low</td>
</tr>
<tr>
<td>The presence of groups</td>
<td>Medium-low</td>
<td>Medium-higher</td>
</tr>
</tbody>
</table>

Another possible classification would be one that is based on relationships that can be set between different management organs; in particular two types of structures of the society board can be distinguished:

a) the type “one-tier system” which provides a single governing body, responsible for driving the company’s management and monitoring; the relevant body is the “board of directors” which refers to the specific directives of the executive directors, expression of management, or non-executive, or “outside directors”, expression shareholders. These systems are especially characteristic of the industrial areas of the USA, UK, but also in Southern European countries (Spain and Portugal) with certain features.

b) the type of “two-tier system”, where decision-making power, management, and control are entrusted to two separate entities, with different responsibilities (supervisory board is not executive, appoints, controls, and dismisses management board which, in contrast, has the responsibility of the executive role). These systems are typical of industrial areas in Germany, Switzerland, Austria. But there are also hybrid models (eg in France and in Italy) where some elements of both structures can be found.
2. The role of internal audit in preventing fraud

Any type of corporate governance, no matter the way in which it is configured and the referring market in which it would be efficient, must specify optimist control mechanisms, which should intervene in critical situations and protect the interests of all user categories.

A study of Enst & Young, 8th edition, shows a preoccupying growth in accounting fraud tendency despite the predictions and adequate normative in the matter, the predictive regulations, and the fact that most of the companies are endowed nowadays with specific behaviour codes that have provoked the recent financial scandals.

This study has been made in 30 countries, involving companies that operate in diverse activity sectors, starting from multi-national to SMEs.

The factors that stand at the base of the company accounting fraud risks were so classified:

- the growth of the organizations’ complexity;
- reduced diffusing of the internal audit functions;
- the acceptance of the companies of a certain risk level as a typical business item;
- the presence of a intern control system that does not fully correspond the companies’ economical exigencies;
- more and more aggressive company policies.

There it is that the most efficient, individualized instruments are actually only two: management control and intern audit functioning.

But it is still up for the management to install the system and the processes that could serve as preventing and discovering the frauds inside an organization to evolve an economical culture oriented to ethic behaviours that could climb all the levels of the structure, in exchange remaining for the intern audit to supply own assistance, evaluating the risks and the control strategies of the organization, suggesting initiatives, solutions, proposals and recommendations of mitigating fraud danger and improving the control strategies. The intern audit’s role, given its influences over the management control, assumes a front importance within the corporate governance.

The economical crisis that took place on the European scene, not only in the last years, have shown the fact that the accounting frauds are attributed also to the gaps (or even the absence) of the formal control provided in the extern normative and the intern regulations of the companies.

Highlighting the tight links between fraud, corporate governance and internal audit role is again revealed.
These items are relevant only because the regulation stays inefficient if not accompanied by and organizational culture based on ethic principles, to put in the spotlight, between its priorities, the transparency of the accounting information and the intern and extern control efficiency.

Eliminating the interest conflicts of the control mechanisms is, in our opinion, the main way to ease the concrete functioning of the control systems. Along with the normative interventions, a special attention must be given to the intern regulation initiatives from these industrial and financial organizations that come along with a central importance to the choosing investment, giving the market to select the most meriting entities, that is in a protective way and guaranteeing way of the correctitude and transparency offered to the investors.

Figure 3. The internal control systems


The previously mentioned study made by Ernst and Young highlights the fact that 20% of the companies have trusted the extern consultancies specialized in tracking the frauds, with a satisfaction degree of 88%. In most of the cases, especially the Italian companies declare to possess specific organizational policies, capable of preventing fraud risk and permitting its identification. However, only a part of the interviewed ones have recently ordered a specific study of risk vulnerabilities for their organizations.

The fraud problem seems to be perceived more and more: in 2003 it is shown that 53% of the companies questioned at a international level had an Auto disciplinary Code, and 68% had already adopter the Ethic Code; we are talking of 33% of the Ernst and Young’s researches mare in the year 2000. Only 45% of the same companies consider that the fraud-preventing adopted policies are fully understood by the staff.

As a reference, the Italian context has been considered as being opportunistic on more levels, and useful to recover the existing instruments, especially for the Auto-discipline Code of the listed companies, reviewed in
July 2002, of the intermediates initiatives facing the clients’ information, for a better understanding of the investment risks.

The development of the governance principle in Europe and all over the world highlights the tight bond that exists between the internal control, the governance and the going concern.

It has also been highlighted that the main factors that have contributed to a consequence worsening of the recent bankruptcies could have been composed of the internal control lacking, that is the most opportunistic and penetrating instrument of the control system.

The Coso Report defines the internal control as “a process being acted” by the Board of Directors, management and rational guarantee supplying personnel in reaching these objectives:

- Pursue and achieve strategic objectives planned;
- Efficiency and effectiveness of operations;
- Credibility of financial statements.

The hypothesis, which comes from such a classification, is that the existence of such a valid internal control system can help the management in following and reaching the proposed objectives, insuring in the same time the protection of all shareholders’ and stakeholders’ interests overall.

According to the COSO Report, all organizations are exposed to risks that come either from internal or external sources. This exposure can influence their capacity of continuing and existing as competition, of maintaining their financial strength and conserving the quality of the products, services and personnel.

COSO Report individualizes as fundamental components of internal control:

- Sphere control;
- Risk assessment;
- The control;
- Information and communication;
- Monitoring.

This model points out how the sphere of control, hence the reference context in which this control is located and operates, is the basis of any monitoring activities. This should be used systematically, until inefficiency or even unnecessary, the systems and mechanisms of communication that bring continuous complete and timely information flows within the organization.

Starting from the external environment, communication report facilitates, therefore, the control activity, and especially risk assessment, enabling continuous monitoring of the economic activity. As we also stated in the sphere of prevention and control of fraud, internal audit role is primarily and ensure
that management has reviewed its exposure to risk and insert appropriate fraud among the potential risks, giving adequately management processes such risks. The central role of this function is to provide an independent assessment on the effectiveness and adequacy of internal control solutions introduced by management in particular on the degree of actual operation.

The intern audit should add value to all the organization’s activity, easing the identification and evaluation of the existing risks on all levels. These should be obtained by examining the essence of the risk management economical process, and operating as if there were even for this management policies and clear and coherent behavior normatives.

The intern auditors, among other, should have full definite responsibilities in preventing, identifying and signaling the frauds and should practice such actions that could create “conscience”.

In this case appear the anti-fraud policies as useful, or the specific firming activities of the dependences that must be undertaken in order to grow the perceiving of the fraud activities and the necessity of their prevention, identifying and signaling. The auditors and the organizations, in this way, should let themselves helped by the depending personnel, clients, shareholders and other users involved in the fight against frauds on all levels and on all fronts.

In the last year, allover Europe, all the changes imposed by the base requests of the extern reports of the economical entities have made a basic characteristic of all the Board’s recommendations regarding the corporate governance. For example, the Turnbull Report in 1999 proposes the introduction in the UK of an Annual Report regarding the functioning of the intern control.
This request is aligned with the previous recommendations related to the published report in the UK, starting from Cadbury Code in 1992 and to the Hampel 1998 and UK Combined Code in 1998. The Cadbury Code presents an evolving point of the corporate governance in the European countries, borrowing in fact as in the Code the “best practice”, a series of documents that regroup recommendations meant to improve the organization, management and control of the economical and financial activities, in a wider way and of the monitoring activity especially.

The structure of the code is based on three fundamental principles: the “openness”, “integrity” and “accountability”. It is necessary to highlight that the “Fraud Advisory Panel” of the “Institute of Chartered Accountants of England and Wales” has debated the necessities of amplifying the recommended information by the Turnbull Report, in which it is said that the annual financial statements must have a statement almost like the one for the internal control, referring to other domains, among which of main interest being the systems introduced in the organization for the fraud prevention and identification.
3. Proposal for an operational model of group

The objective of this paper is to evaluate the existing model in a group of enterprises with International Governance principles; rationalization of the mechanisms of functioning and control systems in responsibilities delegation; developing and implementing an integrated system of internal control in accordance with best corporate practice, based on risk management.

Priorities to be taken into consideration in adopting a model of governance are:
- Rationalization governing bodies (Boards and Committees);
- Setting skills and existing responsibilities;
- recognizing the existing internal control.

![Diagram of Corporate Governance](image)

**Figure 5. Priorities of model of governance**

<table>
<thead>
<tr>
<th>Countries</th>
<th>Codes of Behavior and Rules of Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>Code self (Italy Scholarship)-Vietti reform/Decree Law 262/2001</td>
</tr>
<tr>
<td>Germany</td>
<td>Kon Tray; German Corporate Governance Code</td>
</tr>
<tr>
<td>France</td>
<td>The reference Vienot; Nouvelles Regulations Economiques; Loi sur Securite financiare-2003</td>
</tr>
<tr>
<td>USA</td>
<td>COSO-Report; Sarbanes &amp; Oxley Act</td>
</tr>
<tr>
<td>Spain</td>
<td>Ruiz Code/ Codigo Olivencia- The legislative reform of organization</td>
</tr>
<tr>
<td>Belgium</td>
<td>The Law No.708/2002</td>
</tr>
<tr>
<td>Mexico</td>
<td>Code of Corporate Governance</td>
</tr>
</tbody>
</table>

Corporate bodies-corporate-structure and functioning in an optimal model of corporate governance:
- Board of Directors – the role in the group companies is in terms of control and management procedure for appointment and choice and the number of members in Board of Directors;
The Role of Internal Audit in Optimization of Corporate Governance

- Existence of rules which disciplines in the group, competencies Board of Directors the formal recognizing of the leadership Council;
- The presence of Audit Committee and the human resources committee.

**Activity**
- Constitution and establishment of the Audit Committee at the mother company;
- Main subsidiary;
- Creation of the Committee of human resources (which nominate the staff and established career plans);
- To the mother company level.

### Table 3

<table>
<thead>
<tr>
<th>Size of company</th>
<th>The subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>Department of Internal Audit of the mother company</td>
</tr>
<tr>
<td>Big</td>
<td>Department of Regional Internal Audit and the Regional Audit Committee</td>
</tr>
</tbody>
</table>

An approach to risk management in the unlisted companies is different but the objectives remain essentially the same. We will try an example as in the below model.

**Figure 6. Risk management in listed and unlisted companies**
Action plan in managing the risks should identify sources of risk inherent to define the function that manages the risk, with predilection to define and evaluate of residual risk; to specific the activity, objectives and terms to implement the reporting and monitoring the risks, require regular updating which to be presented to the Steering Committee.

The optimal model for management of the risk:

![Figure 7. Optimal model of the risk](image)

Delegation of responsibilities according to organizational goals should have as objectives: playing coherence of the organizational profile and strengthen the organizational group processes in the legal sphere that is the existence of a coincidence of a “de facto responsibilities” management with liability laws.

From corporate concordance/organizational at the internal control system the following requirements are imposed:

- an unitary system of internal control officially and approved at group level;
- the formalized procedures;
- the integrated system of identification and management of economic risk;
- Code of ethics/formal behavior and extensive broadcast;
- disciplinary systems/penalty.

**Assumptions of a group model**

![Diagram](image)

**Figure 8. Assumptions of a group model**

The rules imposed by internal control systems must impose the following rules: the company specific principles; a single management model; corporate governance guidelines; a guide with standards of internal control.

The systems of internal control functions should include: internal audit, the audit Committee, Business Risk Management. In an optimum design of corporate governance among the essential characteristics of Internal Audit are the independence and the objectivity.

The Audit Committee is a body appointed by Board of directors and composed of at least three members, from which at least one should satisfy the requirements for independence. At least two members of the Committee have a
recent and significant experience in the field of accounting and finance. In reality, the Audit Committees have four or more members of which at least half are independents, among them one identifies the president too.

![Figure 9. Audit Committee “network”](image)

Each committee, through the website, has access to the data and economic information of interest and considers the activity of committees in other countries and that changes documents and experience. At least once a year, the members from all Audit Committees participate in a meeting to present their activity and to define the priority objectives of their future activities.

This is in fact a network and a professional community.

![Figure 10. Business Units Significantly](image)

The objectives of the new Audit Committee must focus on cooperation with other local Audit Committee, in order to guarantee: the obtaining of operational plans of the Regional Audit Committee with guidelines of the Central Auditing Committee; an approach based on “progress through sharing”,

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Omega
- The mother company

- Omega Romania
- Omega Finland
- Omega Italy
- Omega Other countries
in view of transmission to the local audit Committees of important informations and data referring to the group and the relevant areas (eg a use portal to the Audit Committee, coordination of internal audit plans; support of the relationships between audit committees and external auditors).

A new approach of regional management must aime the improving the corporate governance in the group. Internal audit and the Audit Committee will adopt a new approach to regional coordination, to focus particularly on:

- increasing areas of activity covered by the control and implementation of a certain frequency;
- deep-penetration in the local business to make an approach group of “progress sharing”; maintenance of the efficiency in terms of operational costs; exercise an important role in monitoring ERM, but do not support direct of responsibilities for implementing or maintaining it.

![Figure 11. Emerging role of Internal Audit](image-url)
Another important particularly aspect in the instauration of an optimal model of governance is clear evidence of the ratio between risk management and normal management. A short presentation of this differentiation appears in the below model:

![Diagram showing risk management and governance]

**Figure 12. Particularly aspect in the instauration of an optimal model of governance**

A better “Corporate Governance” requires the group to adopt a methodical approach to risk management for protecting the interests of shareholders and stakeholders (creating and maintaining the value to ensure that Board of directors controls the performance and sustains the policies to generate values, to ensure the existence of operational controls which must be true).
4. Conclusions

The parameters used in the analysis of concrete cases of fraud and accounting irregularities can be considered significant criteria, which can make a distinction or one attempted classification of financial scandals that in recent years have filled the front page of the press or other economic dailies nature.

Tools enabled in order to align the interests for the subjects to which acknowledged the role of business managers’ or the shareholders, according to the principle of maximizing the value of shares, revealed their negative aspects, resulting in increased management responsibilities, predisposition to risk, at the temptation to pursue only short-term objectives (delaying the solving of the problem) and of certain accounts.

Pressure only on maximizing the value of shares, reinforced by the aggressive incentives and sanctions, has produced two results deleterious, namely: inattention to the interests of other stakeholders, creditors, staff, trading partners, etc. and slipping ethics with many responsibilities regarding the management, which can be seen in the true values of expropriations against all subjects interested in the company and the market in general.

The general frameworks of reference indicate a distortion of the system of incentives and motivation of management to an entity owned diffuse. A legitimate objective for the development of economic activities is often degenerated, when the internal principles have not worked, and the interests of managers independent, auditors or reviewers were aligned with those of managers.

Other measures:
- Risk-reduction joined to reputation/image entity and prevention its illegal compartmental or failure;
- Compliance with legislation and recommendations in matters of corporate governance;
- Ensuring transparency, efficiency and reliability in internal communication;
- Specifying the responsibility among legal responsible;
- Substantiation of approaches for risk assessment.
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