

# UNIVERSITY OF TOLEDO INTERNAL AUDIT DEPARTMENT

## MANAGE INTERNATIONAL ASSIGNMENTS

### Control practices

The following control objectives provide a basis for strengthening your control environment for the process of managing international assignments. When you select an objective, you will access a list of the associated business risks and control practices. That information can serve as a checklist when you begin reviewing the strength of your current process controls.

This business risk and control information can help you assess your internal control environment and assist with the design and implementation of internal controls. Please note that this information is at the generic business process level. Many companies will need to go beyond generic models to address the specific business processes that support the financial and nonfinancial disclosures being made. You can combine the insight of this business risk and control information with your industry-specific knowledge and understanding of your company's environment when conducting internal control assessments and designing and implementing recommendations.

### Effectiveness and efficiency of operations

- A. Movement of international personnel is efficiently managed.
- B. International employees are fairly and equitably compensated.
- C. Management and affected employees have the information needed to make proper decisions regarding international human resources.
- D. International human resource policies are consistent with corporate strategy.

### Compliance with applicable laws and regulations

- A. The company complies with home and host country laws, rules, and regulations.

### Effectiveness and efficiency of operations

- A. Movement of international personnel is efficiently managed.

### Business risks

- Economies of scale will not meet their potential.
- Increased time will be required to deal with international human resources issues due to lack of expertise.
- Personal distractions will increase for employees involved in relocation.

### Control practices

1. Appoint a centralized human resources group responsible for managing international personnel and provide them with the necessary services and capabilities needed to coordinate all international transfers.

- B. International employees are fairly and equitably compensated.

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## Business risks

- Employee morale will suffer.
- The ratio of acceptance to transfer offers will be low.
- Compensation among international employees will be inconsistent.
- Employees will be overcompensated, resulting in increased cost to the company.

## Control practices

1. Design international compensation packages with the unique financial needs of international assignees in mind.
2. Structure a tax reimbursement policy within the overall corporate philosophy of international assignments.
3. Ensure that all employees are made aware of and trained in the corporate tax reimbursement policies before accepting international assignments.
4. Develop a compensation package that minimizes the employer's tax reimbursement costs.
5. Use tax advisors to develop compensation strategies that provide the most tax savings.
6. Familiarize the international human resources group with tax laws in the countries where it has international assignments.

C. Management and affected employees have the information needed to make proper decisions regarding international human resources.

## Business risks

- Human resources will not be properly allocated or will be allocated inconsistently between international locations.
- Senior management will not fully understand the

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D. International human resource policies are consistent with corporate strategy.

Business risks

- Activities will not be concentrated on common objectives.
- Activities will be prioritized incorrectly and lack long term focus.

Control practices

- 1.