

# ACIIA CAE Leadership Forum

## Formula to IA Agility: C+I

**Corazon S. Rey, CPA, CIA, CRISC, CRMA**  
Chief Audit Executive & Senior Vice President  
SM RETAIL, INC.





# Agenda

- About SM Retail, Inc. - Profile, Industry Position and Retail Value Framework
- Our IA Challenges
- Technology Driven IA Process and Solution
- Benefits of an Agile Audit
- Our fulfilled IA Vision



# Portfolio & Positioning

Who we are in the Retail Industry



77 % Owned by  
SM Investments  
Corp

Php 336 Bn in  
Sales (2018)

Brands - 36

FOOD	THE SM STORE	JOINT VENTURES	SPECIALTY RETAILERS
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Stores – 2, 328

Metro Manila - 690

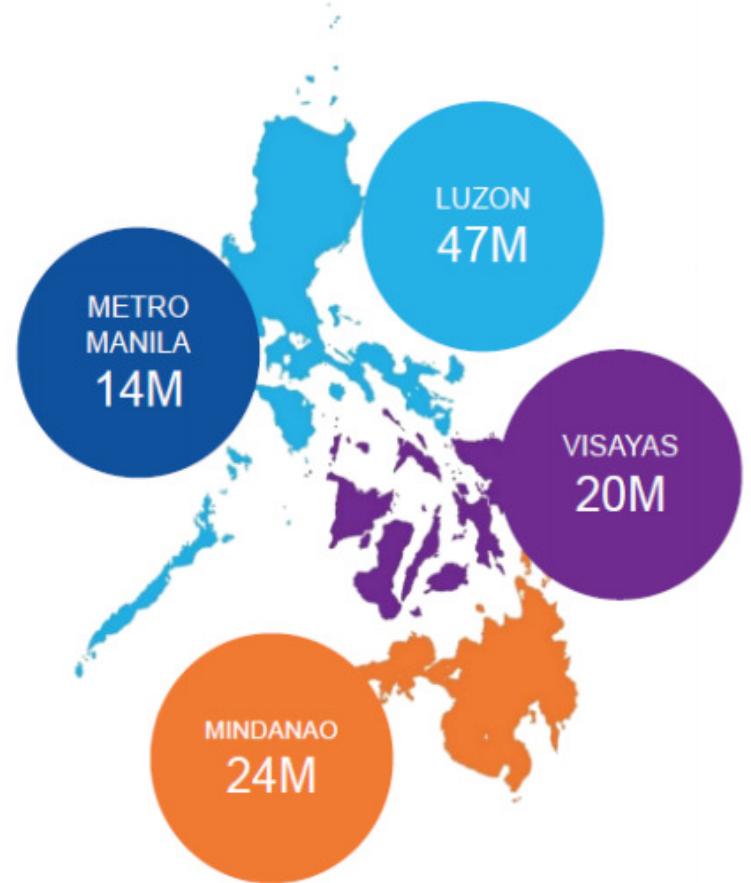
Luzon Ex NCR - 734

Visayas - 243

Mindanao – 135

Alfamart stores -526

Philippine Population: 105M



# Our Brands



**SM Retail Inc.**  
(SM Retail)

**77%**  
ownership

Contribution  
to SMIC's  
Net Income

The country's leading retailer with a nationwide portfolio of department stores, supermarkets and specialty stores



**Total Number of Stores**

THE SM STORE	63
SM Hypermarket	53
SM Supermarket	56
Savemore	195
WalterMart	52
Alfamart	526
Specialty stores	1,383

Revenue

PHP335.6bn



**SM** We've got it all for you

# Retail Value Chain



# Internal Audit Challenges

## What keep us awake



### Exponential Store Growth

#### Opened in 2018

- 4 SM Stores
- 32 Food
- 121 Specialty Stores
- 178 Alfamart
- 70 Miniso (mostly provincial)



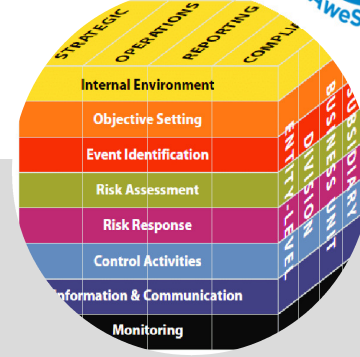
### Risk Visibility of Entire Chain

No database to track all critical risks.  
Absence of a Risk management function in Retail.



### Currency & Versioning of Audit programs

Do we have the same version of the program? Are we able to update?



### COSO Risk based Methodology

Have we map all the retail value chain core processes to the COSO framework?

Maintain a lean IA Organization - 32



# Internal Audit Challenges

What keep us awake



## Highly Automated Operation

Use of different ERP & legacy systems.

Continuous plan to upgrade to keep up with digitization.



## Demand for higher Audit Coverage

Growth of stores does not equate to total stores audited in a year

Maintain a lean IA Organization - 32