BUSINESS RISK MANAGEMENT LTD

Auditing major projects
On-line course
2 days

Why you should attend

- How many projects do you know which have been delivered on time, to budget and fully met the needs of all the parties involved?
- Not many I am sure will be your answer
- Experience has shown that risks are rarely fully identified prior to a project being approved.
- Not only does this result in unexpected risks arising after the project has commenced, but also the true impact of key risks will often be misunderstood
- Having an Internal Audit involvement throughout the project life cycle, from the proposal stage to the post implementation review, is a proven way to maximise the opportunity to deliver the project to time, to budget and fully meet the needs of all interested parties

Course Level

- This is an intermediate level course and delegates should ideally have at least 18 months experience in Internal Audit to attend
- No advance preparation is required
- Delivery method – On-line-live (with exercises and role-plays to simulate audit scenarios and situations that new auditors will encounter)

Attending this workshop will help you to

- PROMOTE the benefits of an audit involvement in all key projects
- APPLY the concepts and practical application of a risk based approach to project audit
- AUDIT major projects with confidence
- HELP identify project warning signs and influence positive action
- IMPLEMENT proven techniques to ensure that more projects meet their agreed objectives
- UNDERSTAND how to identify, mitigate and control project risks effectively
- ENSURE that key controls are not omitted when a project is under pressure

Who should attend?

- Heads of Audit, Audit managers and senior auditors
- Auditors responsible for undertaking project audits assignments
- Other professionals who need to understand the risks impacting complex projects
- Managers and Directors of business functions – to aid their knowledge of a risk based audit approach to projects.

Day 1 Understanding Project Risk

Why projects fail

- Is risk an uncertainty or a surprise?
- Something that can go wrong or failure to get things right?
- Risk cultures and the impact on project delivery
- Why projects often fail.
- OGC paper – common causes of project failure
- The need for a formal approach to risk management
- Risk appetite and the implications for projects
- Selling the benefits to top management
- High profile project failures and the lessons to learn

Exercise 1 Why projects fail

The major project risks

- Business benefit poorly defined
- Scope of the project poorly defined
- Project sponsor not committed to the project
- Difficult to engage business functions or partners
- Lack of project management experience
- Unclear or inconsistent PM processes
- Business requirements unclear or changing all the time
- Technical requirements complex or new
- Complex system interfaces
- Unrealistic timescales
- Man hours required very extensive over short time windows
- Long estimated project duration
- Type of project new to the business
- High dependency on outside parties (consultants, subcontractors)
- Businesses processes require major change
- Unfamiliar project technology
- Heavy customisation of packaged solutions
- The 10 golden rules of project management

Exercise 2 The key project risks check-list

Project Risk Identification and Evaluation

- Approaches and techniques
- How to establish a risk workshop process
- The need for effective facilitation
- Facilitation skills
- Establishing workshops
- The use of diagnostic questions and thought-provokers
- The pros and cons of using data capture technology
- Other methods of risk identification
  - Monte Carlo Simulations
  - Bayesian networks
  - Scenario planning
  - RAMP methodology
- How to identify, sift and group the risks
- Measuring the consequences and the likelihood of occurrence of each risk
- The use of risk matrices to prioritise the risks.

Exercise 3: Risk and reward

The Business Perspective

- Different types of project and their implications
- Selection of Professional Services providers
  - Financial planning consultants
  - Engineering firms
  - Design/Construct providers
  - Construction managers
  - Facilities management
- The growing popularity of turnkey approaches
- Choice of contractor
- Principal contract terms
- Other legal and regulatory requirements
- Financing the project
- Choice of methodology
- Selecting the project manager
- Procurement process

Exercise 4 : The business benefits

The changing Internal Audit role regarding major projects

- IIA new paper – Introduction to project auditing
- Assessing the project life cycle
- The need to assess the risk maturity of the project
- Commitment to risk management
- Reviewing project risk registers
- The questions to ask
- Assessing the project risk appetite

- Reviewing the effectiveness of the risk management process adopted
- Determining which risks should be concentrated on in the audit
- Management evaluation of mitigation controls
- Identification of risk exposures
- Dealing with the exposures (the 4 Ts - terminate, tolerate, treat or transfer)
- Reviewing risk ownership and identifying gaps

Exercise 5: The audit involvement in the project lifecycle

Day 2 Auditing major projects

Strategic Project Audit Planning

- Determining which projects to audit, to which frequency and to what depth
- Determining the level of assurance required
- Determining the level of assurance that can be provided

Exercise 6: Determining project audit priorities

Project auditing in practice

- Determining the scope of a RBA assignment
  - Whether objectives are being delivered efficiently and effectively
  - Whether risks have been identified, evaluated and are being managed
  - Whether controls mitigate the risks effectively
  - Where risk exposures exist action is being taken to improve controls
  - Whether appropriate management oversight is in place

Exercise 7: Scoping a RBA assignment of a major project

Selecting a Contractor

- The tendering process
- Success criteria
- Use of approved organisations
- Categories of Risk in procurement
- Partnering and Risk
- Contract negotiation
- Contract award

Exercise 8: Risks in Contractor selection

The project in progress

- Design methodology
- Site environment
- Measurement and valuation methods
- Evaluating the Quantity Surveyor process
- Variations and claims
- Performance management
- Payments
- Liquidated damages
- Performance guarantees
- Sub-contractors
- Contract finalisation

Exercise 9: Auditing the project during the 'active' phase

Cost control and accounting

- The project budget
- Cost control and forecasting
- Cost accounting
- Schedule control
- Dealing with cost over-runs

Exercise 10: Auditing the project costs

Handover and post audit

- Commissioning risks
- Completion certificates
- Maintenance agreements
- PFI contracts
- Post completion reviews
- Learning from successes and mistakes

Exercise 11: Completing a post audit of a project

Auditing systems under development

- The need to audit at key stages – not to be part of the project team
- Ensuring that the processes and policies are complied with
- Determining the points of potential failure
- Ensuring controls are not bypassed – due to time constraints
- Ensuring risks are identified at the start and regularly reviewed
- Ensuring sufficient end user involvement
- Audit stages and the questions to ask

Exercise 12 – Challenges of systems development audit