

BUSINESS RISK MANAGEMENT LTD



VALUE FOR MONEY AUDITING

- Does your Internal audit function add measurable added value to your organisation?
- Do you specifically evaluate and report this added value?
- Are you happy with this process?
- Do you measure the value of monetary savings made as a direct result of your audits?
- Have these savings been at least double the cost of your function in each of the past 2 years?
- Are these savings known to and recognised by management?
- Does your audit programme target areas of opportunity as well as risk?
- Do you carry out any specific value for money audits?
- Are VFM audits the last to be postponed when there is pressure on the programme?
- Do VFM assignments account for more than 5% of the annual work programme?

If you have answered 'NO' to any of the above questions you may not be optimising the full benefits of your Internal Audit function.

The risk-based focus being increasingly adopted is universally accepted as being the new benchmark for Internal Audit.

The flip side of risk however, is opportunity. Specifically targeting significant areas of business opportunities in the audit programme can deliver major measurable benefits to the organisation whilst at the same time reducing the associated risks.

This is particularly true if the areas of the business targeted are those which are often overlooked by management.

This course will enable participants to understand the benefits of a focussed VFM audit programme and how to effectively measure the value added.

COURSE OUTLINE

The modern approach to VFM auditing

- What is VFM auditing?
- How does it differ from other audit approaches?
- How did you score on the 10 questions?
- The relationship between VFM and other types of Audit
- The benefits of VFM auditing
- The associated dangers e.g. trying to quantify non-quantifiable savings
- Is VFM more important in the public sector?

The 3 E's

- The 3 E's – the cornerstone of VFM auditing
- Economy and how it can be evaluated
- Examples of poor economy
- Efficiency and how it should be assessed
- Why it is critical to evaluate efficiency – with examples
- Effectiveness and how it can be assessed
- Identification of inputs and outputs
- How to measure the 3 E's

Exercise – VFM review of customer service

Key steps in completing a VFM review

- How to select VFM topics
- The research phase
- Objectives, methodology and techniques
- Establishing terms of reference (how this differs from a traditional assignment)
- Defining the boundaries of the review
- Gathering of information
- Evaluation of data and effectiveness of management processes
- Evaluation of performance and cost saving potential
- Reporting and follow up – NAO report will be shared
- Measuring the benefits

Exercise – Assessing performance via PI's

The different types of VFM assignment

- VFM audits of line functions
- VFM reviews of projects
- VFM as an investigative tool

A VFM Audit template will be shared

Case Studies -with hints tips and practical advice

1. Mobile Telecommunications

- What are the objectives
- What are the risks
- How to compare bills, tariffs and added value benefits.
- Hardware versus airtime costs - how to evaluate.
- Understanding the trends in the market.
- Identifying the inputs and outputs
- What measures of the 3 E's would you expect?
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2. Travel Management

- Building a picture of travel costs - travel recording and management reporting.
- How to gauge the effectiveness of a travel policy.
- Evaluating policy compliance and its financial impact.
- Evaluating the service provided by a travel agent.
- The need to get the best from suppliers.
- How to evaluate savings potential.

3. Stationery and Office Supplies

- Evaluating current spend.
- Assessment of supplier efficiency.
- Central/distributed responsibility evaluation.
- Gauging the effectiveness of policies and procedures.
- Controls over usage.
- What are the inputs and outputs
- Methods to assess the 3 E's

Exercise – 3 or 4 VFM audits will be chosen by the delegates and the audit planned using the approach outlined

- Practical applications for VFM – open discussion with opportunity for delegates to raise specific concerns and ideas