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MANAGING THE RISKS IN AUDIT PROJECTS: TEN PROJECT MANAGEMENT TECHNIQUES FOR IN-CHARGE AUDITORS

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The audit team lead is not only responsible for the audit's technical aspects, but is responsible for completing the audit on time and within budget. Essentially, the team lead's role is to use the people and time assigned to the project in the most meaningful way to accomplish sufficient work within a defined audit scope.

The following are 10 techniques, which will help the team deliver valuable results on time and within budget.

1. **Keep the informational needs of a senior management audience in mind at all times, including the planning phase and when preparing the audit report.** Unnecessary rewriting is a major time wasting activity. To minimize this risk, be sure that everyone writes in a report-worthy manner by using clear, concise, grammatically correct sentences.
2. **Schedule all key dates at the beginning of the audit.** Begin all audits by working backwards to schedule due dates and deadlines. Commit the target audit completion and report issuance dates on the calendar. Work backwards from these dates to establish interim milestone dates. Two examples are the exit conference (to mark the end of detailed testing) and obtaining approval of the audit scope and objectives (to mark the end of the planning phase). There may be more interim dates, depending on the audit methodology. As these dates are scheduled, pay attention to holidays and vacations that may coincide with milestones and cause delays. If the vacationing team members are integral to the audit, their absence may delay workpaper review and audit report approval.
3. **Convene kick-off meetings with the audit team, not just the auditee.** If staff auditors are expected to join the review during the detailed testing phase, make sure they understand their assigned roles. Take time to explain performance expectations and priorities as the team leader, so that all team members can satisfy these standards. Let others know how, and how often, progress reports are due. If there are preferences regarding how test conclusions are written, let everyone know before they are immersed in recording their results.
4. **Avoid unproductive meetings.** Make sure that the purpose of each meeting is clearly articulated and that the right people – those that can contribute and have the authority to make decisions – are in the room. By sharing the agenda (or at least the meeting purpose) in advance with those who will participate, the lead can increase the likelihood that attendees will come prepared. And, to prevent selective memory, be sure to prepare a brief written summary of each meeting's key outcomes as soon as the meeting has ended, while the information is still fresh in your mind.
5. **Pick up the phone and talk to people instead of sending a series of emails...especially when the person is nearby.** While email produces a record of your requests, actually getting the information as rapidly and completely as possible is more important. If having an audit trail is genuinely important, send the email as a confirmation of your conversation and summarize the key things you discussed.
6. **Anticipate the circumstances that will require more time and plan accordingly.** For example, find out as much as you can about the backgrounds of the auditees and the other auditors. If the lead has an inexperienced auditor, allocate extra time for coaching, giving instructions, and workpaper review. If this is the first time that the auditee has been audited, allocate more time to explain the methodology and discuss issues.

7. **Evaluate interim audit results and assess the impact on the audit schedule and deliverable dates.** For example, if there are a lot of issues identified and the audit department rates each issue as well as the overall review, expect that it will take longer to issue the audit report because the team and the auditee will have more to discuss. Plan additional meetings with the auditee and expect the duration of these meetings to be longer. Alert the manager of the possibility that the audit may require more time to minimize the impact on other audits that are in the planning stage or scheduled for the rest of the year.
8. **Address the real reasons for procrastination.** If completing certain activities are postponed, figure out why and deal with it. If possible, delegate the tasks that are unpleasant or boring. The lead will still be responsible for the outcome, but can limit involvement to reviewing the work instead of performing it. However, there might be procrastinating because the lead is unsure of the action to take. If this is the case, seek answers and eliminate your ambiguity.
9. **Organize files in order to spend minimal time searching for information.** Use a clear naming convention for folders and the files within them, so that anyone on the team can easily access all information.
10. **Hone the ability to estimate, which is admittedly more art than science.** If estimating time and budget requirements are a challenge, try using the following six techniques to help estimate more accurately:
 - ✚ **Set the audit objective with care.** Once the end zone is clearly defined, it is easier to set time and resource estimates.
 - ✚ **Identify the major activities.** The more detailed the plan, the easier it is to develop realistic estimates. Once the audit objectives and scope are detailed, plan backwards to identify the major tasks that need to be performed. To do this, ask, "When this project is finished, what are the last things to accomplish?" Record responses on the sheet of paper. Then ask, "In order to complete these things, what was the second-to-last thing that needs to be accomplished?" Record responses to this question. Continue this process until all necessary steps are identified. Create the final report and incorporate the auditees' comments, convene auditee meetings, if needed, to resolve to problematic corrective action plans, issue the draft report, edit the report, draft the report, analyze the test results across the test plan, etc. Once all the activities are described, it is relatively easy to come up with the time estimates for each one. Below is a sample template that can be customized.

<Audit Name>

<Current Date of the Project Plan>

<Name of Person Responsible for the Audit>

Audit Event/ Deliverable 1	Activity 2	Start Date 3	End Date 4	Status 5	Responsible 6	Cross Function 7
Initiation Communication						
Document Request List						
High Level Process Map						
Initial Planning Meeting						
Planning Memo						
Audit Project Plan						
Opening Conference						
Fieldwork						
Analysis-Preliminary Findings						
Completion of Audit Workpapers						
Completion of Control Issue Worksheets						
Field Closing Meeting						
Draft Audit Report Issued						
Management Response to Audit Report						
Closing Conference						
VP Approval of Final Report						
Final Report Issuance						

- ✚ **Highlight the critical dependencies.** In many cases, estimates concerning the completion of some tasks rely on the prior completion of other tasks. For example, writing the audit report is a task that is dependent on completing and analyzing test results. If the test results are not analyzed, the report cannot be written and the time required to write the audit report will be longer than estimated. Highlighting the critical dependencies makes it easier to spot the high risk, “make it or break it” points in your project’s estimates.
- ✚ **Document assumptions. If the estimate includes having two auditors, make sure this is clearly expressed in the audit planning documentation.** Writing the assumptions down prevents selective memory lapses from occurring later when that resource may not be available when needed and the time required to complete the audit is extended.
- ✚ **Determine the required time for each of the major activities.** Every plan needs revisions – this is a fact of life –document the logic you used to come up with the estimates. As time determinations are made, estimate in either half or whole day increments. Admittedly, the “fudge” factor allowance (technically known as float or slack) is larger by using whole day increments. If each of the audit projects is unique, creating a higher likelihood of unforeseen problems, using whole day increments is a more conservative approach. If the audits are repetitive projects, using half-day increments would be more effective. Since the goal is to create realistic estimates, you might want to use the following formula, particularly if the lead tends to underestimate time allocations:

The shortest time required + 4 times the likely time required + the longest time required / 6

- ✚ **Track and use historic records to understand how much time certain activities required in the past.** Estimating experience is a good thing --- but only if there is a written record. Memories are too unreliable to trust. Get more disciplined about recording time usage, especially for the major audit assignments. If certain audits need to be repeated cyclically, historic information is a wonderful source of estimating information. Using historic information will provide a better sense of how much time to allocate to the various audit phases, e.g., planning and risk analysis, detailed control evaluation and testing, test analysis, and report issuance. Historic time usage is only valuable if the data is accurate. Get into the habit of recording data as the tasks are completed and encourage the team to record the actual hours they work on a daily or weekly basis.

Since project management is a skill that improves with practice, each audit is an opportunity to increase proficiency. Using just one or two of these techniques consistently during each project will help deliver results on time and within budget.

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