

Four Project Management Techniques for Audit Planning

Ann M. Butera
President, The Whole Person Project, Inc.
www.wholepersonproject.com

Audits are like projects in that they:

- Have an objective to accomplish within a predefined time period.
- Involve the work efforts of several (or many) individuals.
- Require data collection and analysis to reach a conclusion.

Effective auditors and risk professionals are good project managers; they're able to manage themselves and others to deliver useful results within predetermined timeframes. If you want to plan your audits and advisory services projects more effectively, consider using the following four project management techniques on a regular basis.

- 1. Focus on the end zone (i.e., what you need to achieve), as you plan and execute the audit. Good project managers know that well-defined objectives are a critical component of success. If you are unclear about the specific objectives of the audit or advisory services project, your assignment will flounder and resources will be squandered. It is not enough to begin an audit with general objectives like determining whether the internal control system is performing effectively. This type of objective is simply too broad. Your audit planning should identify the key focal risks that threaten the achievement of the business, process, or function under review. By identifying and articulating these risks, you will be able to formulate specific audit objectives and develop a realistic scope for the assignment. Before actually beginning any project, you should discuss and confirm the audit or project objective, project scope, and desired result with your manager to prevent misunderstandings that may waste resources.
- 2. Work backwards from your objective to determine the specific steps that need to be performed. If you do not already use an audit checklist, this approach will help you identify interdependencies and critical path activities very rapidly. It will also help you determine the type of information you need to review as part of the assignment. Begin by writing the audit or advisory service project's objective on a sheet of paper. Ask yourself, "When this audit or project is finished, what are the last things I will have to accomplish?" Record your responses on the sheet of paper. Then ask yourself, "In order to complete these things, what was the second-to-last thing that I would have to accomplish?" Record your responses to this question. Continue this process until you have identified all the steps you will need to perform during the audit or project. This approach also helps you to allocate adequate time to convene status meetings, obtain data from internal clients,

and review planning results, audit test conclusions, and drafts of the audit report.

3. Estimate the time required to complete each step in your plan. Ideally, the easiest way to estimate is to look at how long it took to complete similar steps in the past. However, every audit department does not have a time-tracking system.

And, if the steps on your project are new (i.e., never performed as part of any other assignment), historic time tracking data will not be useful. Since estimating is more of an art than a science, concentrate on being very specific in describing each of the steps that need to be performed. The more specific you are, the easier it will be to imagine how long it will take to perform each step. Identify steps that require input from others (e.g., data collection activities). Check with these people to find out how long it will take them to compile complete information and allow time for its delivery. Differentiate between "person" and "calendar" time because no one works on anything without interruptions. Person time is the actual time a person spends working on the task or the actual "touch" time required to complete the project. For example, assume that a project activity is "identify the trends in reason code usage". This activity may require two hours once the data is obtained from various locations and systems. When estimating the time required to complete this task, consider the calendar days required to request and receive the data, not just the actual (person) time needed to perform the analysis.

4. And finally, when building your plan, figure out how you will "inspect what you expect". How will you monitor performance to maintain audit or project momentum and determine whether the project activities are being completed in a timely and accurate manner? Consider how you will report on the audit project's status to your manager and your team members. Think about how often you will need to meet with your audit project team members and your constituents to discuss results and make decisions.

These four essential project management techniques will help you to complete your audits and advisory services projects more easily within budget while focusing on the issues that matter.

For optimal results, choose a tactic and practice it during every audit. Be patient because it will take 12 – 18 months for the team to accept the tactic as normal and ordinary. How do you intend to use these techniques? Let me know your thoughts, results, and questions at amb@wholepersonproject.com.