

Auditing Projects, Project Management, Outsourced Contracts and Project Risk

AUD005

Course Description

Internal auditors at the leading edge of risk awareness are being called upon to give assurance that organizational change is being properly governed and managed. Organisations are no longer happy to pour huge sums of money into late, under-functional and over budget projects. This course covers the techniques used to audit all stages of projects, project management, outsourced contracts and project risk, from the original assessment of viability and decision making process, through the agreement of objectives, selection of partner and effective monitoring of the service delivery itself.

This course is designed to introduce the participants to the concepts of projects, project management, outsourced contracts and project risk and the potential impact on business processes. It enables them to consider how they can provide the assurance that senior management, the Board and other stakeholders seek when considering the accountability of contracting processes and the achievement of objectives.

Course Goal

To enhance the participants' knowledge, skills and abilities necessary to audit projects, project management, outsourced contracts and project risk and evaluate the potential impact on business processes.

Course Objectives

By the end of this course, participant will be able to:

- Identify the differences between program and project management.
- Understand the roles individuals play in project success.
- Identify how risk materializes within live projects and, left uncontrolled, causes projects to fail.
- Plan for involvement in projects, project management, outsourced contracts and project risk audits.
- Outline how different assessment strategies are deployed at different project stages and how these should be integrated with the project or contracts timeline.
- Appreciate the interplay between risk, timescale and cost.

Who Should Attend

- Those requiring a fundamental understanding of the subject.
- Internal auditor who are already practicing internal audit and have a basic understanding of the subject.

Course Duration

5 Working Days

Course Outlines

1. Project and Program Management

- Defining project and programs – essential differences.
- Project diversity – Different types of projects.
- The structure and organization of projects.
- Key players and roles.
- The risk profile of a typical project.
- The audit role in projects and programs.
- The internal auditor's involvement in projects.
- Planning for audit action.

2. Approaches to Project Management

- Traditional Approach.
- Phased Approach in the development of a project.
- Project Initiation – determining the nature and scope of the development.
- The importance of project planning.
- How to assess initial project risk?
- Factoring in complexities – partnership operations, outsourced service providers, undue reliance, culture risk etc.

3. Auditing Projects

- Understanding the project stages, project risks, project roles and responsibilities.
- The principles of good internal control.
- Developing an audit program.

4. Project Organization – Roles and Responsibilities

- Team structure and basic considerations.
- Roles and responsibilities.
- The project team: people and risk factors associated with pace and stress.
- Understanding project metrics: Independent project auditors, project offices and project accountants.
- Communications and quality issues.

5. Project Risk

- Project risk assessment.
- Project risk considerations-including, project risk planning, scope risk, resource risk, constraint management and managing activity risk.
- Controlling additional costs and time penalties.
- Plan re-assessment.

6. System Development Life Cycle

- Development or maintenance.
- Testing – Why do we need to test?
- Documentation – Do we really need it?
- Risks implicated.
- Typical controls.

7. Outsourced Contracts

- The objective of outsourcing – why do organizations seek to outsource?
- Key stages within the outsourcing process.
- The objectives and elements of contract management.
- Internal audit's role – what impact does an outsourcing arrangement have on the planning and delivery of the auditor's work?
- What are the system risks within the different stages of the contract?
 - Identification of need and assessment of viability.
 - Identification of potential contractors.
 - Tendering and award of the contract.
 - Handover of the activity.
 - Monitoring contract performance.
 - Evaluation against objectives.
 - Termination of the contract.
- How to evaluate and map of controls for considerable risks.
- The development of an audit programme to test the effectiveness of key controls identified.
- Overview of contract management:
 - Outsourcing objectives.
 - Transfer of risk.
 - Roles and responsibilities.
 - Elements of the management process.

- Different approaches to outsourcing.
- Legal and contractual issues .
- Internal audit's role:
 - Changes to the internal audit approach.
 - Who are we providing assurance to?
 - The new challenges to face.
 - A focus on client management roles instead of operations management information needs.
 - Communication flows.
 - Where can we add value.
- Risk:
 - Business seeking to transfer risk through the outsourcing process.
 - Cost implications.
 - Balancing risk and the cost of control.
 - What different risks are introduced through the outsourcing arrangement?
- Contract control and management:
 - Developing the right structure.
 - Matching control to contractual requirements.
 - Qualitative v quantitative assessment.
 - Development and use of KPIs.
 - Introducing changes in service or activity requirements.
 - Performance reporting.
 - Poor performance – remedy and review.
- Audit approach:
 - Considering the drivers for the business.
 - Considering business history and inherent risk.
 - Determining key risks.
 - Assessing the business control framework.
 - Developing a structured approach to the audit work.
 - Focusing on key risk areas.

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