Audit & Risk Management Practices

Things to consider

Planning	Programme Definition	Ad-hoc Redirection	Work Scheduling
Modelling	Developing Assessment Models	Managing Assessment Intelligence	Toolkit Distribution
Assessing	Field Assessment	Workshop Assessment	Self-Assessment
Correcting & Preventing	Operational Plan Progress Tracking	Programme Progress Tracking	
Analysing	Trend analysis	Benchmarking	Operational Effectiveness
Supporting	Technical Support	Contextual Support	
Enabling	Tools & Techniques	Process Flows	Operational Coaching

Based on practical QPMC experience since 1996

Document navigation instructions
In MS-Word format:
From the above roadmap, you can jump with the Ctrl-Click key combination to the topic you select.
From individual topics within the document, you can return to the above roadmap by clicking Ctrl-Click in any of the left table side grey coloured sections ex. Planning, Modelling etcetera.
In PDF format:
You'll see a clickable hand icon in the different linked places (Similar to Ctrl-Click in MS-Word).

Related Business Maps	Related Business Maps	Related Business Maps
Strategy Implementation	Ad-hoc Planning Redirection	Manage Operational Plan Execution

Define Programme Objectives
Define Assessment Approach(es)
Set-up Overall Process & Plan (Programme)

Apply Event Driven Changes to Programme

Drive the operational plan

Planning -- Programme Definition

Programme set-up.

Define Programme Objectives:

> What are we trying to achieve?
> - What are we trying to find and counter (what keeps us awake at night)?
> - What reaction times are required?
> - What are the competitive elements?
> - What is the investment size required to improve our night rest?

Define Assessment Approach(es):

> Do we need?
> - Field Assessment
> - Workshop Assessment
> - Self-Assessment
>
> Do we use?
> - Bottom-up approach
> - Top-down approach
>
> Do we need to assess?
> - Business processes
> - Risks
> - Product lines
> - Product Life Cycles
> - Business Units
> - Functions

Set-up Overall Process & Plan (Programme):

> Combine Objectives and Approaches into tactics to efficiently and promptly detect and react to what keeps us awake at night.

Planning -- Ad-hoc Redirection

Event driven Programme amendments.

Apply Event Driven Changes to Programme:

> How do we react (and adapt the Programme and Operational plan accordingly) to
> - Changes dictated by the board or direction, or suggested by other Internal Parties
> - Findings of major importance that have not been addressed in the Programme
> - Questionable situations published by the press
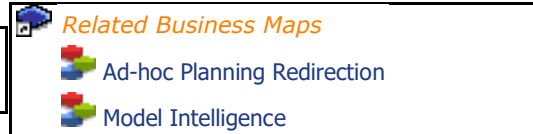> - Severe issues raised by External Parties

Planning – Work Scheduling

Day-to-day execution of the work involved.

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Drive the operational plan:

How do we manage execution of the Programme at operational level?
- What dashboard functionality is required?
- Do we use process and/or contents scorecards?
- How about progress reporting needs?

Modelling	Developing Assessment Models	Managing Assessment Intelligence	Toolkit Distribution

Related Business Maps
- Model Development

Related Business Maps
- Ad-hoc Planning Redirection
- Model Intelligence

Model versioning   **Management redirection input**   **Software & Model Maintenance**

Model structuring   **Field contents experience input**   **Work Dispatch Standards**

Managing model components   **Field operational effectiveness input**   **Ad-hoc Distribution Procedures**

Building Master Models   **Model Scoring Logic**

Model validation

Managing Development Work

Modelling -- Developing Assessment Models

Develop assessment frameworks.

Model versioning:

What do we have to foresee to apply modifications to assessment model(s)?
- Do we plan modifications, checkout and release at regular intervals?
- For comparison reasons, it is important to track what changes have been implemented in each new version (Assessment overall scoring may become meaningless, but unchanged model elements remain comparable).
- Tracking modifications is also required when findings/actions from assessments done with previous versions have to be mapped to corresponding topics in newer versions.

Model structuring:

How do we conceive the structure of the assessment model (building blocks)? Do we work with
- Themes?
- Business Objectives?
- Functional angle?
- Process angle?
- Risk angle?
- Control angle?

What kind of scoring mechanism is needed?
- Positive or negative scoring scale
- Application of weights at roll-up level (Theme, Risk Area, ...)
- Do individual "questions" or roll-ups must be comparable (use of fractions)

What kind of focus is required?
- Risk (If yes, what kind of Risk Matrix do we need as a baseline)
- Effectiveness

How do we provide guidance to avoid interpretation?

How do we ensure that the answers collected contain measurable information?

How do we ensure that the answers collected relate to the business?

Managing model components:

Do we need to be able to manage reuseable parts/components of models?
- For ease of "variant" construction for ad-hoc assessments
- To enhance assessment scoping

These individual compositions must be kept according to the Model versioning logic.
(Should be tracked in the model evolution requirements documentation)

Building Master Models:

What other working documents/materials are required to complement the base assessment model to form a working set?
- Working templates required to derive answers to questions
- Predefined recommendations/action plans
- Generic documentation, such as instructions on use
- Scoring Interpretation
- Etcetera

Model validation:

How do we organise new development validation?

What approval levels are required?

Managing Development Work:

How do we need to organise practically to manage Assessment Model Development?
- Development Environment
- Models
- Components
- Templates
- Change Information
- ….
- Production Environment

Modelling – Managing Assessment Intelligence

Build and maintain Intelligence.

Management redirection input:

What do we need to put in place to effectively react to day-to-day exposure or near misses, not properly incorporated into existing assessment models?

Can we put in place pro-active mechanisms triggering alerts?

What resources can help provide information on trends?

Field operational effectiveness input:

How do we capture input from the Assessment Force in terms of day-to-day operational effectiveness?
- Improvements on practical model usage, i.e. sequencing of topics, improvements to reports and templates, organisational issues to be resolved, etc.
- Usefulness of interview, workshop, and meeting techniques.

Model Scoring Logic:

How do we need to set-up to ensure that the scoring logic provides appropriate assessment/decision making input?

What scoring rules do we need to respect in order to be able to compare apples with apples
- Within individual assessments or assessment components
- Between different types of assessments
- Over time
- In consolidated views
- When benchmarking

Modelling – Toolkit Distribution

Getting the assessment tools and assessment frameworks to all involved.

Software & Model Maintenance:

> How do we organise software distribution?
> How do we organise software maintenance distribution?
> How do we distribute new/revised assessment models?

Work Dispatch Standards:

> What do we need to send out for every assessment request?
> - Instructions for use (process)
> - Timetable
> - Assessment Model specific working materials/documentation
> - Assessment specific information, ex. soft identification information of the assessed party
> - Recommendations/Actions from the previous assessment

Ad-Hoc Distribution Procedures:

> Do we need to have any other distribution approach? Ex. when one centralised point is distributing models or model components to decentralised units for further distribution and/or work dispatch.

Assessing	Field Assessment	Workshop Assessment	Self-Assessment

Related Business Maps
Field Assessment

Assessment preparation	**Assessment preparation**	**CRSA Preparation**
Assessment execution	**Assessment execution**	**CRSA Data Collection & Interpretation**
Action Plan setup & follow-through	**Action Plan setup & follow-through**	

Assessing -- Field Assessment

Identify and quantify problem areas and set-up appropriate corrective/preventive measures.

Assessment preparation:

> What mechanisms do we need to put in place to ensure that the Assessment Force has
> - synthetic historical background information
> - past assessment findings and recommendations/actions
> - incident information since the last assessment
> - list of unresolved issues
>
> Who is to decide the focus of the assessment?

Assessment execution:

> How do we have to organise to ensure execution with correct focus and complete scope within agreed Action Plan setup & follow-through timeframes?
>
> Do we want to work with separate identification, assessment and actioning steps?
>
> Do we have the means to check/test whether interview/meeting input is factual?

Action Plan setup & follow-through:

> Is the Assessment Force in charge of follow through till final resolution or is this chased at centralised Audit/Risk Mgmt. Unit level?
>
> How do we ensure that suggested actions/recommendations are adequate to address findings?
>
> How do we ensure that actions/recommendations are satisfactorily completed?
>
> What escalation channels need to be installed to ensure that non-reacting assessed parties act upon recommendations?

How do we handle situations where recommendations are to be acted upon by other parties (other than the one being assessed)?

Assessing -- Workshop Assessment

Identify and quantify problem areas and set-up appropriate corrective/preventive measures.

Workshop Assessment preparation:

What mechanisms do we need to put in place to ensure that the Assessment Force has
- summary of historical background information
- last assessment findings and recommendations/actions
- incident facts since the last assessment
- list of unresolved issues
-

Do we apply upfront consultation of the Assessed parties' (Sr.) Management Team(s)?

Who is to decide the focus of the assessment?

Do we have rules for inviting the right discussion partners?

Do we need to include arbitration parties and rules?

How do we ensure that we have enough business competence for drilling down?

Assessment execution:

How do we have to organise to ensure execution with correct focus and complete scope within agreed timeframes?

Do we want to work with separate identification, assessment, and actioning steps?

Do we have the means to check/test whether workshop input is factual?

Are we organised to capture and record the essentials of the discussion?

Action Plan setup & follow-through:

Do we have an owner to follow through completion of agreed actions till final resolution?

Do we have a system in place that ensures issue & action ownership allocation and acceptance?

Do we have rules to check adequacy of action/recommendation results?

What escalation channels need to be installed to ensure that non-reacting parties act upon recommendations?

How do we handle situations where recommendations are to be acted upon by other parties (Other than the one being assessed)?

Assessing -- Self-Assessment

Run CRSA exercises.

Self-Assessment CRSA Preparation:

Do we have clear objectives for each CRSA exercise?

Do we have a set of critical success factors to guarantee the quality of captured information?

CRSA Data Collection & Interpretation:

Do we have a means of clarifying doubtful information?

How do we organise to address issues gathered from the CRSA exercise?

How do we treat action ownership allocation and resolution follow-through?

Do we have an end-of-exercise evaluation session to adjust the critical success factors for a next occasion?

Correcting & Preventing	Operational Plan Progress Tracking	Programme Progress Tracking

Correcting & Preventing -- Operational Plan Progress Tracking

Operational roll-up reporting.

Actual vs. planned reporting

Do we have dashboard functionality to track progress against the operational plan?

Do we have a system to gather operational issues and to resolve them?

Do we need cross-unit/cross-functional escalation mechanisms to have dependency issues addressed?

Recommendation plan exception reporting

Are we organised to find "bad guys"?

Do we have a means of isolating the most important outstanding action plans?

Do we need cross-unit/cross-functional escalation mechanisms to have outstanding action plans executed?

Correcting & Preventing -- Sr. Management Reporting

Programme consolidation reporting.

Sr. Management Reporting:

Do we have the means to isolate the most important findings and related action plans against the Programme?

Do we roll-up the synthesis findings and action plan information according to an agreed structure?

What analytical information needs to be included in terms of trends and benchmarking?

Analysing	Trend analysis	Benchmarking	Operational Effectiveness

Related Business Maps
Model Intelligence

Timeline Evolution	Internal Positioning	Performance Tracking
	Competitive Positioning	Road Map redirection

Analysing -- Trend analysis

Analyse action effectiveness over time and discover new finding trends.

Trend analysis Timeline Evolution:

What do we need to track effectiveness of actions over time?

Do we need to agree criteria to focus analysis over time?

Do we have a means to forecast evolution within acceptable accuracy margins?

Analysing – Benchmarking

Discover structural differences and define comparison points.

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Benchmarking Internal Positioning:

>>Do we have a means to compare a range of assessments in order to determine average scorings?

>>Do we want to define benchmarks to identify assessments against the individual benchmark criteria?

>>Do we have a means to detect structural differences between different entities? (i.e. geography, unit size, ...)

Competitive Positioning:

>>Can we install a means to compare our effectiveness against the competition's effectiveness?

>>What resources are available on the competition's effectiveness?

Analysing -- Operational Effectiveness

Effectiveness of the overall Audit and Risk Mgmt Practices.

Performance Tracking:

>>Do we want to set up a range of Key Performance Indicators measuring operational effectiveness of the overall Audit/RM practices?

>>Do we link a range of Key Goal Indicators to the Programme?

Road Map redirection:

>>Do we have a system to drive operational effectiveness improvement?

Supporting	Technical Support	Contextual Support

Supporting -- Technical Support

Assist Assessment Force for software, PC configuration, assessment tools competence.

Technical Support Group support:

>>Do we want to assign a technical person, by ex. Unit or region, to handle day-to-day technical queries?

Assessment framework competence:

>>Do we want to assign one or more persons that are familiar with the assessment framework development to assist Assessment Force for assessment related support.

Supporting -- Contextual Support

Support Assessment Force on historical Audit information.

Ad-hoc query support:

>>Do we want to appoint one or more query points for all historical Audit related information?

Enabling	Tools & Techniques	Process Flows	Operational Coaching

Enabling -- Tools & Techniques

Any person joining the team is to be trained on applicable tools and techniques.

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Training on technical topics:

What training is required for new employees on software, hardware and tools being used?

Training on Assessment Frameworks:

What training is required for appropriate use of the assessment framework(s)?

Enabling -- Process Flows

Provide new employees with training on how their role fits in the overall operational context and process flows.

Organisational Training:

What training is required for the different players to understand the overall context and to know what individual player is expected to do, when and how?

What communication programs need to be organised for the Management Team(s)?

Enabling -- Operational Coaching

Provide new employees with a godfather for actual guidance in getting acquainted to the operational environment.

Godfather assignment:

Do we assign a competent person to coach newcomers?

Newcomer Coaching:

Do we plan for time for the Godfather to provide actual guidance of new Team Members in practicing tools, processes and procedures?