

Dear Q&A

Should internal audit be doing any audit work on organisation projects?

Answer

Projects are often the biggest risks an organisation can have, yet many internal audit functions devote little or no attention to them.

Internal audit functions have traditionally performed project assurance activities generally focused on:

- › Project management frameworks – This is an important audit topic to assure the project management approach is sound with adequate governance and assurance mechanisms built-in.
- › Post-implementation review some time after a project has been completed – This is not generally helpful as improvements are recommended after the project is completed, though it is understood that ‘lessons learned’ may be helpful for future projects. Plus, project team members have often moved on to projects in other organisations and cannot be located to provide insights.

Another method used successfully by internal audit functions in some organisations provides agile realtime project assurance reporting, not after a project is completed and it is too late to influence whether it will be successful. This concept is multi-stage audit (MSA).

This can be a valuable assurance tool, especially for auditing high-risk projects and major business initiatives which will be planned and implemented over a period of time.

The idea is that internal audit can provide assurance by adopting a lifecycle audit approach through agile ‘short and sharp’ assurance activities at key project stages. This provides immediate feedback as the implementation progresses and any areas requiring remedial action can be addressed at the time.

It is widely acknowledged this approach is cost-effective, provides added assurance, improves outcomes and reduces later rework, than the alternative which is a post-implementation review some time after implementation is complete.

Further to this, project assurance activities could be considered as a regular feature of internal audit plans through a periodic rolling program of assurance activities over higher-risk projects. Reporting could potentially align to audit committee meetings.