

Value for Money Auditing

Course Level

- This is a basic/intermediate level course and delegates are not required to have any previous experience in the field to attend
- There are no minimum educational requirements
- No advance preparation is required
- Delivery method – Group-live (with exercises and role-plays to simulate audit scenarios and situations that auditors will encounter)
- A short examination will be given at the end of the course

After completing this course you will be able to

- Apply the theory and practice of VFM auditing
- Comply with the key aspects of the relevant professional standards
- Plan VFM assignments effectively
- Develop testing plans to ensure optimum coverage
- Plan pre-meetings, audit interviews and clearance meetings with confidence
- Provide overall assurance on the VFM assignment
- Establish performance measures
- Write efficient and effective VFM audit reports

CPE credits

- Participants can earn up to 14 CPE credits in the Auditing field of study.

Business Risk Management Ltd is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional Education on the National Registry of CPE Sponsors.

Why you should attend

The risk-based focus being increasingly adopted is universally accepted as the new benchmark for Internal Audit.

The flip side of risk however, is opportunity.

Specifically targeting significant areas of business opportunities in the audit programme can deliver major measurable benefits to the organisation whilst at the same time reducing the associated risks.

This is particularly true if the areas of the business targeted are those which are often overlooked by management.

This course will enable participants to understand the benefits of a focussed VFM audit process and how to effectively measure the value added.

COURSE OUTLINE

Day 1 The modern approach to VFM auditing

What is VFM auditing?

- How does it differ from other audit approaches?
- VFM questions
 - Does your Internal audit function add measurable added value to your organisation?
 - Do you specifically evaluate and report this added value?
 - Are you happy with this process?
 - Do you measure the value of monetary savings made as a direct result of your audits?
 - Have these savings been at least double the cost of your function in each of the past 2 years?
 - Are these savings known to and recognised by management?
 - Does your audit programme target areas of opportunity as well as risk?
 - Do you carry out any specific value for money audits?
 - Do VFM assignments account for more than 5% of the annual work programme?
- How did you score on the questions?
- The relationship between VFM and other types of Audit
- The benefits of VFM auditing
- Other outcomes
- The associated dangers e.g. trying to quantify non-quantifiable savings

Exercise 1 The challenges

The 3 E's

- The 3 E's – the cornerstone of VFM auditing
- Economy and how it can be evaluated
 - Minimising the cost of resources whilst maintaining acceptable quality
 - Examples of poor economy
- Efficiency and how it should be assessed

- The relationship between inputs and outputs and the use of resources
- Why it is critical to evaluate efficiency – with examples
- Effectiveness and how it can be assessed
 - The degree to which the goals or objectives are met
 - The measurement of that achievement
- Identification of inputs and outputs
- How to measure the 3 E's

Exercise 2 Assessing the 3 E's in a customer service area of the business

Key steps in completing a VFM review

- How to select VFM topics
- The research phase
- Objectives, methodology and techniques
- Establishing terms of reference
- Defining the boundaries of the review
- Gathering of information
- Evaluation of data and effectiveness of management processes
- Evaluation of performance and cost saving potential

Exercise 3 Determining the VFM audit objectives/scope

VFM Audit techniques

- The range of techniques
- Comparative analysis
- Evaluating effectiveness, efficiency and economy
- Evaluating productivity in practice
- Working with other specialists
- Measuring opportunities
- VFM audits of line functions
- VFM reviews of projects
- VFM as an investigative tool
- A VFM Audit template will be shared

Exercise 4 planning the audit approach

Choosing the VFM Audit

- Risk and opportunity approach
- VFM audits should be prioritized as other audits
- Most common VFM topics
 - Travel management
 - Mobile communications
 - Stationery
 - Energy management
 - Budgeting

- Office furniture

Developing the engagement plan

- Building the knowledge of the area to be audited
 - The environment in which the entity operates
 - Key personnel
 - Spending levels and revenues
 - KPI's
 - Major operations, including in the field
 - Control systems
 - Major risks facing the entity
 - Functional and audit objectives
 - Determining sources of information
 - Concerns expressed

Exercise 5 – Pre-Meeting with management: Role Play

- Developing terms of reference for the assignment

Day 2 VFM auditing in practice

Performance measures

- How to determine performance measures
- Good KPI's
- SMART measures
- Auditing performance measures
- Audit programme

Exercise 6 – Performance measures

Case Studies -with hints tips and practical advice

1. Mobile Telecommunications

- What are the objectives
- What are the risks
- How to compare bills, tariffs and added value benefits.
- Hardware versus airtime costs - how to evaluate.
- Understanding the trends in the market.
- Identifying the inputs and outputs

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- What measures of the 3 E's would you expect?

2. Travel Management

- Building a picture of travel costs - travel recording and management reporting.
- How to gauge the effectiveness of a travel policy.
- Evaluating policy compliance and its financial impact.
- Evaluating the service provided by a travel agent.
- The need to get the best from suppliers.
- How to evaluate savings potential.

3. Stationery and Office Supplies

- Evaluating current spend.
- Assessment of supplier efficiency.
- Central/distributed responsibility evaluation.
- Gauging the effectiveness of policies and procedures.
- Controls over usage.
- What are the inputs and outputs
- Methods to assess the 3 E's

Exercise 6 VFM audits will be chosen by the delegates and the audit planned using the approach outlined

Performing the VFM assignment

- Audit programmes with examples
- Walk through tests
- VFM Fieldwork techniques
- Audit testing – how to decide the type and depth of testing
- IIA guidance on testing
- VFM Audit working papers

Exercise 7 The VFM audit in practice

Audit conclusions

- Drawing specific conclusions
- Developing recommendations
- Determining the level of assurance
- Getting commitment to action
- Tips for success

Exercise 8 – The Clearance Meeting – Role Play

The VFM Audit Report

- The challenges

- The need for impact
- How to grab attention
- What management expects
- Knowing what to write
- Convincing the reader
- Getting the right balance
- Focusing the report
- Discussion of implications
- Formatting ideas
- Audit Opinions
- Words and phrases to use
- Recommendations and action plans
- Follow-up

Exercise 9 The VFM audit report

Open Forum

- Practical applications for VFM – open discussion with opportunity for delegates to raise specific concerns and ideas

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