

Laying the foundations to deliver your Project Strategy



Framework
Supplier



Increasing your ability to manage accelerated digital, economic, and cultural change.

The challenges of dealing with COVID-19, the EU Exit, the upcoming economic recession, and the Net Zero Carbon agenda are all placing significant pressure for change and transformation on Public Sector infrastructure projects.

Manage, run, and track your Projects more effectively

By increasing your Internal Audit capabilities to assure your Projects, you benefit by:

- Improving visibility and control
- Streamlining services
- Maximising accountability
- Improving collaboration

To help you shape, plan, and deliver the complex change, companies can use the principles of the Institute of Internal Auditors (IIA), to make appropriate recommendations to improve Client's organisational governance processes for:

1. Coordinating the activities of, and communicating information among, the board, external and internal auditors.
2. Ensuring effective organisational performance management and accountability.
3. Making strategic and operational decisions.
4. Promoting appropriate ethics and values within the organisation.
5. Overseeing risk management and control.
6. Communicating risk and control information to appropriate areas of the organisation.

Enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.



The **mission** of internal audit is

“to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight”

Improving your organisation's Internal Audit abilities helps to maintain continuity of your programmes and gives consistency to the delivery of your Project Delivery.



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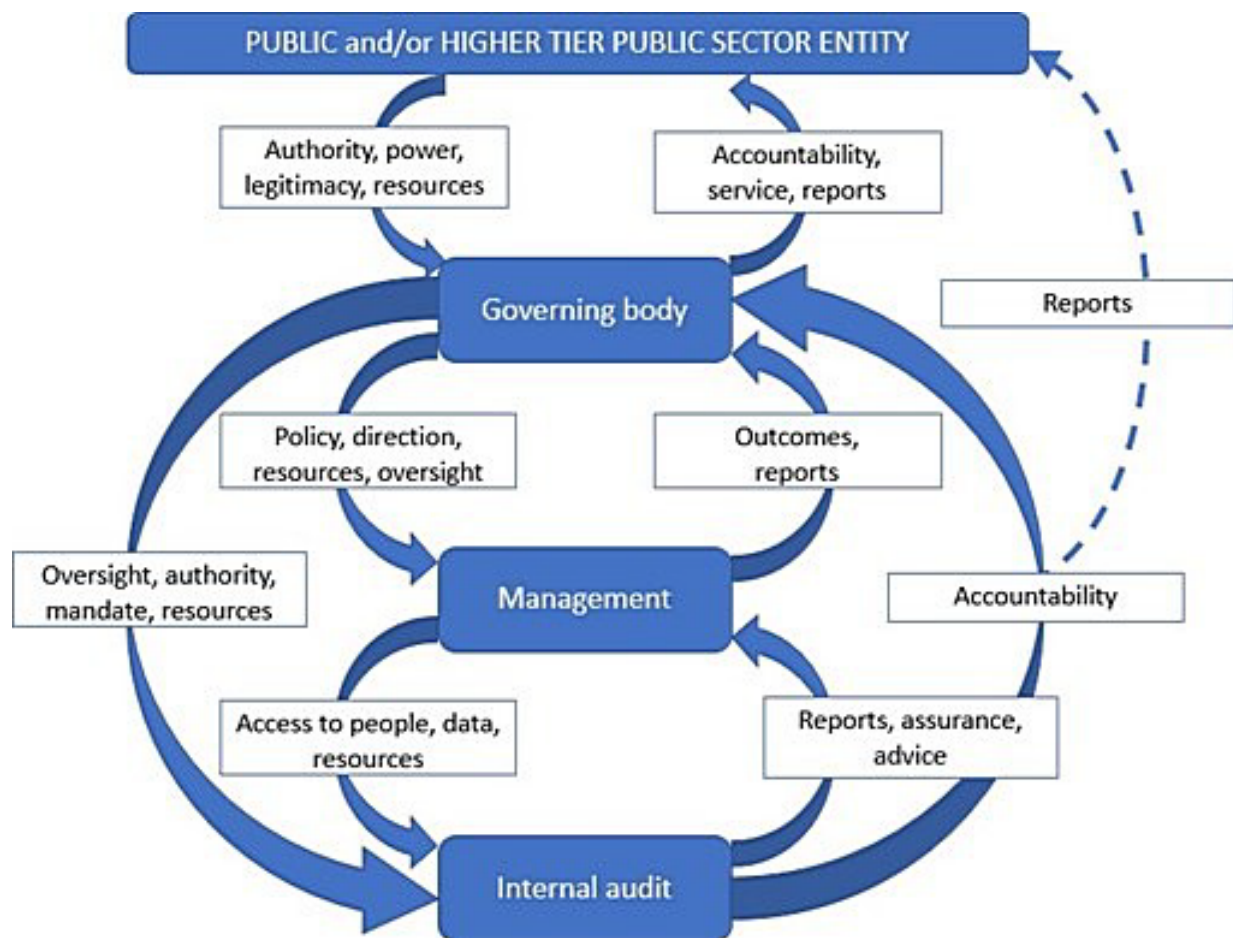


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An internal audit assessment will evaluate the effectiveness of your Project Assurance abilities and contribute to improvements in managing, running, and tracking your Projects.

An assessment will for example determine whether risk management processes are effective by assessing whether:

1. Organisational objectives support and align with the company's mission.
2. Significant risks are identified and assessed.
3. Appropriate risk responses are selected that align risks with the organisation's risk appetite.
4. Relevant risk information is captured and communicated in a timely manner across the organisation to carry out their responsibilities.



Source: Institute of Internal Auditors' (IIA) Internal Audit Competency Framework.
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The **constant emphasis** is on the questions...

“ *What did you find – what’s the problem?*
What’s its significance – why does something need to be done?
What do you want the senior manager to do about it?
What’s the benefit (for them) if they do? ”

For example, to assess an organisation's Enterprise Risk Management (ERM) practices, we can review control activities to see if they have been proactively designed to address and mitigate the significant risks. We can also review whether information critical to identifying risks and meeting business objectives, are being communicated through established channels for internal control and being monitored continuously, with problems being addressed in a timely manner. Similarly, we can also review template job descriptions covering accountability, delegated authority, roles and responsibility, minimum standards, and expectations.

Using the Three Lines Defence model to governance and risk management, we can standardise and design a comprehensive approach to identify and respond to emerging risk events quickly, and effectively.

Companies need to ensure assurance processes are in place from the beginning, with a process of continuous improvement.



Opportunities that come from strengthening your Internal Audit ability



Strengthening oversight by independent audit committee or governing body to assure the independence of the internal audit activity.



Improves the collaboration among the governing body and senior management, risk and compliance functions, and internal auditors.



Alignment of the organisational needs, including external Environmental, Social, and Governance (ESG) with internal financial factors.



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What are the main internal audit competencies needed and how can new internal auditors develop these required skills?

Learn to ask of all actions,

“ to “why are they doing that?
Starting with your own...” ”

“Marcus Aurelius Meditations” – Book 10

How to build the capacity of your Internal Auditors

By employing the [Institute of Internal Auditors' \(IIA\) Internal Audit Competency Framework](#), companies can develop 3 broad internal audit competencies:

- Technical auditing or accounting skills;
- Skills relating to critical thinking and business understanding; and
- Interpersonal and communication skills.

This framework defines four knowledge areas (Professionalism, Performance, Environment, Leadership & Communication), with three distinct competency levels that progress from **(1)** General Awareness to **(2)** Applied Knowledge, and finally, **(3)** Expert practitioner.

	KNOWLEDGE AREA	COMPETENCY LEVEL		
		GENERAL AWARENESS	APPLIED KNOWLEDGE	EXPERT
<p>PERFORMANCE</p> <p>Competencies required to plan and perform internal audit engagements in conformance with the Standards.</p>	Organisational governance	Describe the concept of organisational governance.	Detect risks related to the organisation's governance policies, processes, and structures.	Recommend improvements to the organisation's governance policies, processes, and structures.
	Fraud	Recognise types of fraud, fraud risk, and red flags for fraud.	Evaluate the potential for fraud and how the organisation detects and manages fraud risks; recommend controls to prevent and detect fraud and educate to improve the organisation's fraud awareness.	Apply forensic auditing techniques in fraud prevention, deterrence, and investigation.
	Risk management	Describe fundamental concepts of risk and risk management; describe risk management frameworks.	Use a risk management framework to identify potential threats; examine the effectiveness of risk management within processes and functions.	Appraise the methods used to assess the effectiveness of risk identification and management.
	Internal control	Identify types of controls.	Use an internal control framework to examine the effectiveness and efficiency of internal controls.	Evaluate and recommend improvements to the organisation's internal control framework; assess the organisation's implementation of its internal control framework.
	Engagement planning • Objectives and scope • Risk assessment • Work program • Resources	Describe the key roles and activities involved in establishing the objectives, evaluation criteria, and scope of an engagement.	Determine the objectives, evaluation criteria, and scope of an engagement.	Evaluate the audit engagement's objectives and scope to ensure the quality of the engagement.
		Describe the purpose of performing a risk assessment during engagement planning and the steps involved.	Complete a detailed risk assessment, including prioritizing key risks and controls.	Evaluate the risk assessment process during the audit engagement.
		Describe the purpose of an engagement work program and key components.	Prepare an engagement work program.	Assess the audit engagement work program.
		Describe the factors that influence planning for staffing and resource planning for an engagement.	Determine staff and resources for an engagement.	Evaluate audit engagement staffing and resources.

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Based on past case studies, an engagement plan, as supplied below, can be used to review the Six Principles of the Three Lines Model (3LOD) in the context of a Public Sector model assignment:



#1 Governance

Governance enables:

- Accountability.
- Responsible actions and allocation of resources, which entails the management of risk.
- Independent and objective assurance and advice.



#2 Governing body roles

The governing body should ensure there are effective measures in place for governance, risk management, and control, and establish and oversee independent assurance and advice through objective internal auditing services.



#3 Management and first-and-second-line roles

Management, under the direction and oversight of the governing body (where there is one), establishes first line roles and processes, applies resources, and takes actions to achieve policy objectives. First line roles are more directly aligned with the delivery of services to the public, including related support functions. This includes applying resources as required to manage the risks associated with strategy and operations which may be assisted through second line roles.



#4 Third line roles

Third line roles (internal audit) may operate in collaboration with or separately from other roles, such as inspections, investigations, evaluations, and other assurance providers to provide objective assurance and advice, independent of management.



#5 Third line independence

Operating independently from management responsibilities and interference is a key differentiator of internal audit activities. Independence is secured when the chief audit executive (CAE) or head of the internal audit activity is accountable to the governing body (directly or via an audit committee of the governing body comprised primarily of independent members without managerial responsibilities).



#6 Creating and protecting value

Regardless of the allocation of roles, close communication, collaboration, and cooperation is needed among all contributors to governance to ensure common alignment with public policy and priorities, organisational purpose and objectives, attentiveness to key risks, public accountability, and continuous improvement.



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Companies can use the 3 Lines of Defence model to governance and risk management to respond to emerging risk events quickly.



Let's talk real change. How we can help.

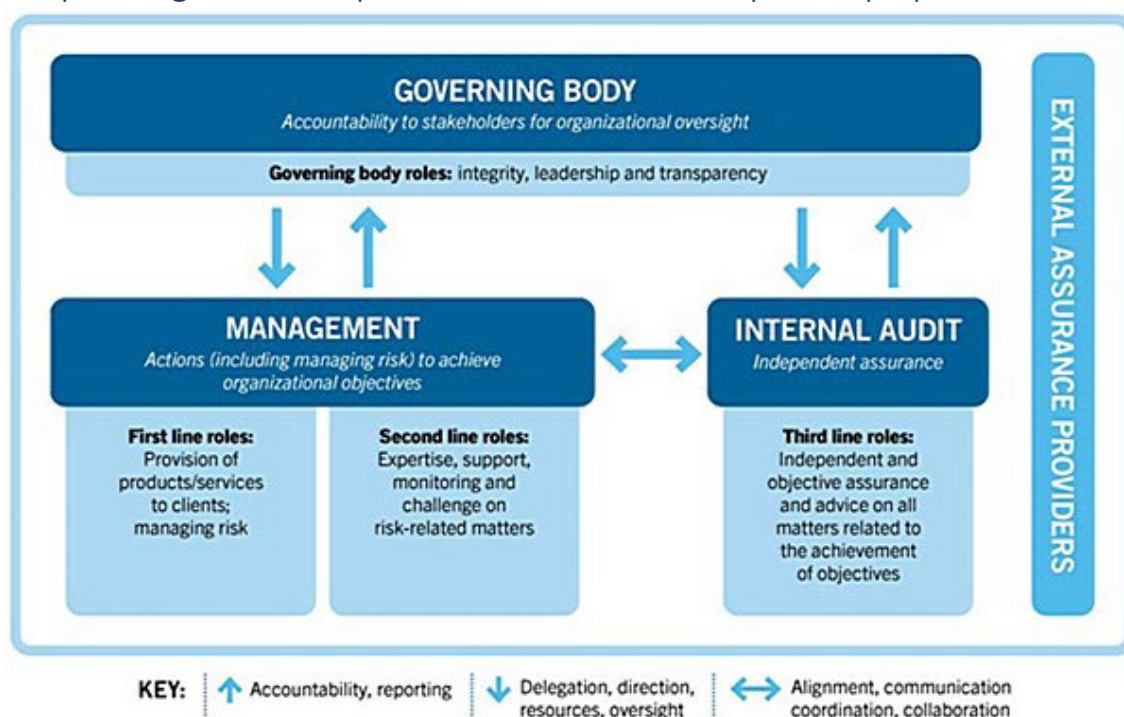
Since September 2021, DADA Enterprises have been **awarded a place on ESPO Framework 664 Consultancy Services for Internal Audit Services** to UK public sector organisations.

Through the ESPO Supplier Framework, we have been able to supply P3M3 assurance reports, SOC 1 & SOC 2: ISAE 3000 & ISAE 3402 reports, ISO 31000:2018 Risk management assurance, GIAA reports, as well Internal Governance Audits as per Government Functional Standard (GovS 009).



Services we offer under the framework include:

- ISO 31000:2018 Risk management assurance
- ISAE 3000 & 3402 Service Organisation Control
- Benchmarking and Quality Assurance
- Project Governance Assurance by the IPMA
- 2nd Line Governance Assurance
- European Regional Development Fund (ERDF)
- Fraud investigation
- Internal control reviewing
- Operational reviewing
- Compliance reviewing
- Internal Audits
- Specified purpose audits



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