

How to effectively leverage combined assurance to meet organisational objectives

Following the great interest and engagement generated by the webinar we held on February 25, 2021, with **Liz Sandwith**, Chief Professional Practices Adviser (Chartered IIA) and **Tom Ryan**, Manager, Solutions Consulting (Galvanize), on "*How to effectively leverage combined assurance to meet organisational objectives*", we have now compiled and answered the questions we received from the audience. You can watch the recording of the webinar and download the slides here: <https://info.wegalvanize.com/combined-assurance-iaa-uki-webinar.html>

Questions

Answers

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| 1 | The problem you describe sounds very much the situation that existed 14 years ago, when I started the Assurance Specific Interest Group of the Association for Project Management, in which we have championed 'integrated assurance'. Have we really improved so little in that time? | TR: I would disagree, I think we have progressed significantly through tools such as the 3 Line Model and the creation of Risk Groups and Committees and colleagues within risk function being invited to attend Audit and Risk Committees but there is always room for improvement. |
| 2 | Interested in views on how widespread knowledge and understanding of the three lines model is amongst senior management | TR: I think the new model is probably not well recognised by management, but I do think that the previously 3 Lines of Defence was well understood |
| 3 | Can external providers be considered within the Map? I say yes, my manager says no. | TR: I agree with you, if you have external providers of assurance perhaps such as regulators or ad hoc reviews from HMRC or Information Commissioners Officer then the assurance they provide can and indeed should be included in the assurance map. Perhaps add a column entitled External Provider to manage expectation of regular assurance as it is more likely to be ad hoc. |
| 4 | A common problem is that the second Lines are not providing assurance work and the assurance is mainly on the internal audit functions. | TR: Valid point but the new 3-line model provides the opportunity for internal audit to align, communicate, collaborate and coordinate with colleagues in the 1st and 2nd lines which may encourage them to engage and explore how at both lines they can enrich the assurance process. |
| 5 | Is the model now referred to as "3 lines"? | TR: Yes, it is, it was launched in July 2020 by IIA Global and is available on their website and also on the Chartered IIA UK and Irelands website: https://www.iaa.org.uk/resources/corporate-governance/application-of-the-three-lines-model/ |

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- 6** Can you have more than one risk assurance map, driven by types of objectives? i.e., by functions / tasks / themes or does this make it more complicated?
- TR: |** Hi Debbie, good question, absolutely you can, and you can also have tiers of assurance maps at different levels within your organisation
- 7** As well as driving internal audit planning and activity, do you see assurance mapping informing the annual opinion?
- TR: |** Yes, good question using the assurance map to build and inform the internal audit planning activity should also link into those internal audits that will be key in terms of informing the annual opinion thus creating a closed circle with the assurance map and audit universe simultaneously at the heart of the structure.
- 8** If we have an assurance map for every process as in this example is that too detailed? I thought a 1-page high level assurance map would be more appropriate for the AC to go through?
- TR: |** I have seen assurance maps at all levels similar to risk registers so they may be an overarching assurance map which would be one page and would be provided to the audit committee and perhaps the board and then assurance maps at directorate or even functional level. Need to ask the question what is the purpose and not create assurance maps for the sake of creating them they must add value and be an integral tool in the assurance provision.
- 9** What is the best place for me to find the proposed audit changes in UK? I have heard about a UK SOX type proposal. But I have become somewhat removed from UK activity, having worked in a US environment for the past 7+ years.
- TR: |** The Chartered Institute of Internal Auditors website <https://www.iaa.org.uk/> has a lot of current relevant information, alternatively the firms' websites are really helpful as is the UK Government website
- 10** Historically a barrier to an assurance map has been the need for IA to remain independent. what guidance is there around how IA can collaborate more but maintain the independence which was a factor in the financial crisis resulting in the 3 lines model?
- TR: |** Internal audit can always, as we have done for other topics e.g., risk management, be the innovative leader in creating an assurance map but also may be clear to the organisation that internal audit doesn't own the assurance map and will work with management and risk colleagues to develop and strengthen the map over time. That way, in my opinion works best although I am also familiar with the Risk Team creating and owning the assurance map and even sometime internal audit will create an assurance map that they will use to create the internal audit plans and also inform the annual internal audit opinion

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- 11** Can you see difference in pulling together an assurance map before and during COVID-19 time? What do you think what the proportion of creating and maintaining the assurance map is in terms of resource requirement from Internal Audit (%)?
- TR:** | A difficult question, is the merit in creating an assurance map whilst still in a pandemic scenario, absolutely it will prove invaluable as we move forward into what is going to be a perfect storm as the challenges and risk continue to escalate. In terms of time, I am not able to answer that, but I would say it is time well spent.
- 12** I have one question reworking with Risk Management to provide combined assurance. If the RM framework and ways of working are still not mature, does it make sense to implement a combined assurance approach?
- TR:** | Yes it does because by working together to develop the combined assurance approach the maturity of the risk management framework and ways of working will be developed by the very nature of the approach, the discussions held with management and the sharing of thoughts and ideas.
- 13** What is the best place for me to find the proposed audit changes in UK? I have heard about a UK SOX type proposal.
- TR:** | The Chartered Institute of Internal Auditors website <https://www.iaa.org.uk/> has a lot of current relevant information, alternatively the firms' websites are really helpful as is the UK Government website
- 14** Do you see assurance maps driving improvement in 1st and 2nd lines assurance? e.g., with the introduction of enhanced data analytics for example?
- TR:** | Great question, yes, I absolutely do the link between 1st and 2nd lines has often been a little grey the new 3 lines model and assurance mapping provides enhanced clarity around roles and responsibility which when combined with tools such as data analytics can only enhance the assurance internal audit provides to senior stakeholders and the audit committee.
- 15** In the organisation I work, there are clear lines of demarcation, but also complimentary activities between the 3 Lines of Defence. Perhaps because of that, I do not see how the new 3 Lines differ that much. I like the example you gave of the Assurance Map, the Single Reporting View and the Executive Oversight, I thought they were really good.
- TR:** | Thank you for sharing your thoughts, I agree if there are clear lines of demarcation and complementary activities between the 3 lines then as I mentioned you have already embraced - alignment, collaboration, coordination and communication.
- 16** To have an effective combined assurance plan, are we assuming that the 1st and 2nd line assurance is effective. Therefore, are we placing reliance to some degree on the assurance from 1st and 2nd line.
- TR:** | We should place some level of reliance on the assurance provided by the 1st and 2nd lines but only after we have satisfied ourselves as to the rigour of their processes. So, I would absolutely expect the 3rd line (internal audit) to review the assurance being provided, what evidence have they used to support the assurance and how have they gone about gathering or creating perhaps through testing that evidence.

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- 17** Does 2nd line assurance have to be someone in a compliance role, or can it be someone that's a more senior manager responsible for key controls?
- TR:** | Either option may work but the senior manager would need to understand the legislative and regulatory compliance issues so that the assurance they provided had credibility
- 18** Can you advise who should be driving the assurance map? We (as Internal Audit) have compiled a very high-level map against the Corporate Risk Register - replicating this for business processes would need management to take the lead.
- TR:** | The Chartered Institute of Internal Auditors website <https://www.iaa.org.uk/> has a lot of current relevant information, alternatively the firms' websites are really helpful as is the UK Government website
- 19** Should we be considering the quality of the other assurance providers. Can we rely upon them? Does this affect the assurance map?
- TR:** | We should place some level of reliance on the assurance provided by the 1st and 2nd lines but only after we have satisfied ourself as to the rigour of their processes. So, I would absolutely expect the 3rd line (internal audit) to review the assurance being provided, what evidence have they used to support the assurance and how have they gone about gathering or creating perhaps through testing that evidence.
- 20** Can / how would you add in where the direction and speed of travel of risk and management of the risk is heading i.e., the vector and velocity?
- TR:** | "There are two approaches:1. Real time risk velocity reporting - a good platform will be able to construct a time series report. This means that the data is available to show how a risk assessment has changed over time.2. Assessment factors - many customers add a vector and/or velocity rating into their risk assessment. This rating will factor into the inherent rating of a risk. It is also possible to then sort and report on the velocity ratings overall."
- 21** Should IA be copied into all reports by Health & Safety, Cybersecurity tests as a matter of course to gather assurance rating for all parts of the organisation or only as significant issues occur?
- TR:** | It is common practice for internal audit to be included in reviews undertaken elsewhere in the business including the outcome from a H&S Audit either undertaken internally or as part of a H&SE audit.
- 22** Do organisations as a rule seek external expertise to introduce this process over doing it in house
- TR:** | Experience would suggest that it is common practice to build the assurance map in-house because there is the knowledge and experience in-house to understand how the business functions. An external 3rd party would take time to build their knowledge of the organisation even if they have sector knowledge.

Questions

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23 Can we say first, or second line actually provide assurance? I feel only internal audit can use this term due to the robust methodology and international standards that underpin it.

TR: | The assurance internal audit provides is an independent and objective assurance built on its reporting link to the Audit Committee and also on his profile within the organisation however the assurance provided by 1st and 2nd lines has value and shares the load in terms of assurance across the organisation which it is unlikely internal audit will have the resources to be able to provide. Perhaps requiring the assurance to be signed off by senior management would strengthen the credibility of the assurance provided.

Building on the foundation of our first white paper, [What is combined assurance?](#), the [Implementing combined assurance](#) white paper presents a method for implementing combined assurance—along with some tools and techniques—to help you get started. We'll also guide you through each phase of the implementation process to ensure success as you

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White paper: Implementing combined assurance

We'll guide you through:

- + Establishing the need for a combined assurance program
- + Envisioning and planning the solution
- + Implementing your plan
- + Operationalizing your program

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