



Grant Thornton

An instinct for growth™



Combined Assurance

Optimising your Assurance and Improving Audit Outcomes

July 2015 Barnowl Information Sharing Session

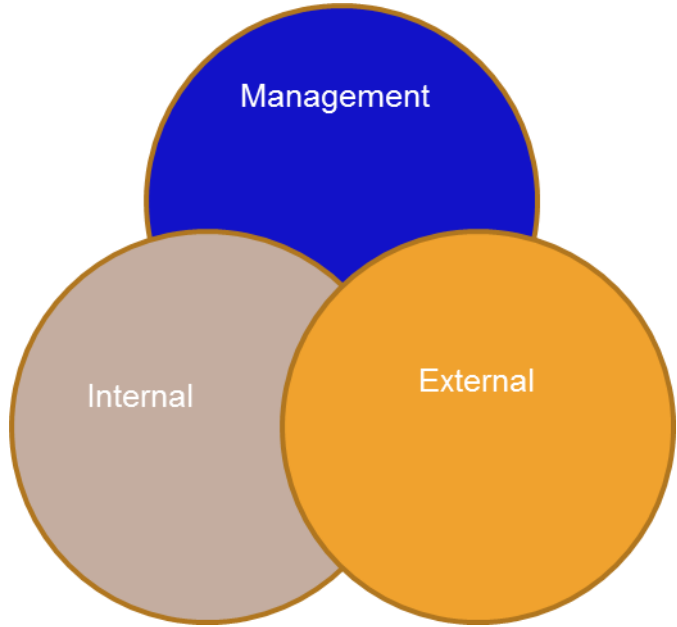
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Today's agenda

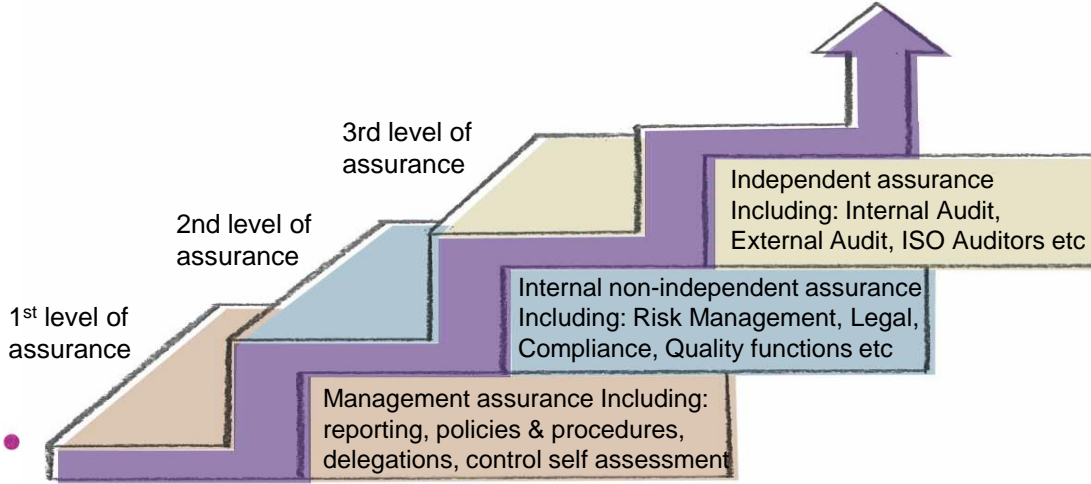
- Why combined Assurance
- Definitions
- A constant focus on delivering value
- Models in Practice
- Next steps
- Conclusions



Definitions



A coordinated approach that ensures that all assurance activities provided by management, internal assurance providers and external assurance providers adequately address significant risks facing the company and provide assurance that suitable controls exist to mitigate these risks



Why Combined Assurance

- Confidence that:**
- Relevant regulations and industry standards are complied with
 - Risks are being adequately mitigated
 - Reliable reporting of financial and non-financial information
 - Strategic objectives are being achieved
- Visibility over:**
- Visibility over the levels of compliance, risk exposures, ineffective controls and the status of remediation activities.
- Value through:**
- Maximising the value derived from assurance activities, prioritising spending on high risks, exploiting opportunities without duplicating effort or simply “ticking boxes”.

The audit committee should be responsible for monitoring the appropriateness of the company’s combined assurance model and ensuring that significant risks facing the company are adequately addressed

The combined assurance approach results in gaps or instances of over-assurance being identified and addressed accordingly. the focus should be on overall level of assurance at a strategic level

Integrating and aligning assurance processes in a company to maximise risk and governance oversight and control efficiencies, and optimise overall assurance to the audit and risk committees and the Board, considering the company’s risk appetite

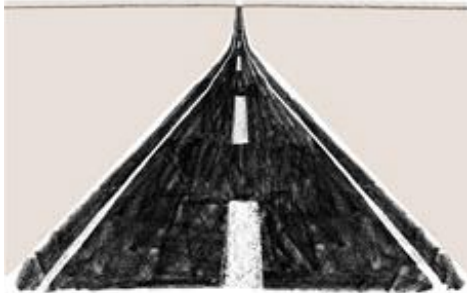


A constant focus on delivering value

Focusing on those risks that matter to the organisation and to management and the governance and oversight bodies as they monitor the organisation and make decisions

"Many companies still do not have an effective model to provide overall assurance regarding corporate strategic risks. Unlike in the past, this function can no longer be left just to the internal audit and external teams to give assurance and provide boards with sufficient peace of mind" **Oupa Mbokodo: Director Grant Thornton**

Ensuring that internal audit can provide the audit committee with an assessment on the effectiveness of the internal controls and risk management in the company.



Models in Practice

It makes sense that a combined assurance model should be risk-based. However, it adds more value if it can be linked to key business processes since not all business processes would have risks that form part of the strategic risks areas. It is also too cumbersome if all risks of the organisation are included in the combined assurance model.

What matters most to the audit & risk committees is to get comfort that the risks are appropriately managed, therefore most seem to favour a risk based approach.

Should combined assurance models be process or risk based?
Maybe both?

Key Processes or Risks	Management assurance	Internal assurance providers	External assurance providers
Strategic 1 2	Levels of assurance		
Operational 1 2			

Trends and Next Steps

- ✘ **A combined assurance approach is mostly already in place – to an extent – which is a good starting point. The approach typically requires some further tweaking and embedding into the day to day business activities.**
- ✘ **A three lines of defence assurance model is typically already established, where the first, second and third line assurance providers are already involved in the business with their roles being fairly mature, but often operating in a siloed approach.**
- ✘ **An ERM framework is mostly already in place. This integrates the business objectives with business processes and key risks.**
- ✘ **A financial control framework and IT governance is often already in place, however not tied into the ERM process or expanded to also cover non-financial controls. Also not necessarily integrated.**
- ✘ **Reporting needs to be streamlined to ensure that the Exco, Audit Committee, Risk Committee and the Board are receiving the right assurance at the right time for more effective decision making (data versus information)**

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- ✓ Integration
 - ✓ Standardisation
 - ✓ Simplification
 - ✓ Coordination

Conclusion

Combined assurance aims at helping an organisation understand their levels of assurance and where they need to improve or address these levels to manage organisational risk

Audit and risk Committees also need to decide whether assurance is required on non-financial indicators and if so how much?



It is not just a nice to have it is critical that the Exco, Audit Committee, Risk Committee and the Board get the right assurance at the right time to improve decision making!

**Questions
& feedback**

