



Opportunity Auditing



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Key questions

- **Does your audit programme target areas of opportunity as well as risk?**
- **Does your function add measurable added value to your organisation?**
- **Do you measure the value of monetary savings made as a direct result of your audits?**

Opportunity management



- **Opportunity management is a business enabler**
- **The flip side of risk**
- **When did you last suggest reducing controls?**

Identifying over-managed risks



Potentially over-managed risks



- **These are likely to be the risks in the green zone of the risk matrix**



Challenging questions

- **Challenge 'we have always done it this way'**
- **Do we have to do it?**
- **What are the benefits / penalties associated?**
- **Can we reduce effort in some areas to give time and resource for the priorities?**

Adopt an opportunity matrix

FEASIBILITY	V HIGH	VERY QUICK WIN	WARM	HOT	RED HOT	RED HOT
	HIGH	QUICK WIN	WARM	WARM	HOT	RED HOT
	MID	COOL	COOL	WARM	WARM	HOT
	LOW	COLD	COLD	COOL	WARM	WARM
	V LOW	COLD	COLD	COOL	COOL	WARM
		V SMALL	SMALL	MEDIUM	LARGE	V LARGE



Prioritising actions to deal with over-managed risks

- **Firstly red hot opportunities**
- **Then the very quick wins**
- **Then the hot opportunities by the potential to reduce risk**
- **Then the quick wins**
- **Then the warm opportunities (using the principle above)**

Over-managed risks – fruitful areas

- **Over- insurance**
- **Use of paper**
- **Signage**
- **How many people in the chain before a decision can be made?**
- **Reports produced which are no longer required**



What is opportunity auditing?



- **An audit of a process or business area to measure the effectiveness, economy and efficiency of such activity**

The 3 E's

- **Economy**
- **Effectiveness**
- **Efficiency**



Economy

- **Minimising the cost of resources whilst maintaining acceptable quality**
- **The right amount at the right time at the right place at the right cost of the right quality**



Examples of poor economy

- **Failing to take bulk discounts**
- **Building your own system when a suitable off-the-shelf system is already available and cheaper, or visa versa.**
- **First class train travel for short journeys**





Efficiency



- **The relationship between inputs and outputs and the use of resources**
- **More output for the same input**
- **Getting the same output with less input**

Examples of Inefficiency



- **Controls that serve no real purpose**
- **Making frequent calls when one would do – or an e-mail would suffice**
- **Duplication of systems that perform the same function**
- **Entry of information already held by the system**



Effectiveness



- **The degree to which the goals or objectives are met**
- **The measurement of that achievement**
- **The right results from the usage of resources**



Examples of Ineffectiveness

- **Systems that serve no business function**
- **Unreliable systems**
- **Systems that produce reports that are never used**
- **Lack of Prioritisation – doing the urgent rather than the important**



Most common areas of opportunity

- **Travel management**
- **Mobile communications**
- **Meetings management**
- **Energy management**
- **Budgeting**
- **Stationery**



Seize the opportunities

