HOW TO MAKE YOUR ASSURANCE MAP LIVE

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> It is one thing to develop an assurance map; quite another to make it live within an organisation. Its use needs to be embedded within the management processes.

Organisational context

Many organisations of all sizes invest heavily in risk management. The benefits of identifying and managing strategic and operational risks, within the boundaries of the organisation's risk appetite, are widely recognised. When sound risk management practices are in place a key question is for all organisations is: how do we get assurance regarding the effectiveness of these controls and mitigations?

Value for the board and senior management

Assurance maps can be a powerful tool providing great insights for boards, senior management and audit committees. By allowing the decision-makers to take appropriate comfort from the assurance provided, these maps maximise the value of that assurance for the whole organisation.

Integral to business management

Assurance maps should not been seen as a separate exercise to the organisation's risk and governance functions. The key is to integrate assurance maps to the organisation's risk and performance activities and reporting to senior management and the board, enabling assurance to become an integral part of the management tools and reports.

Sponsorship, ownership and responsibility

The embedding process starts with the sponsor. The sponsor's message and its tone will be key to co-operation across the organisation. Working with them we can help to identify such matters as:

- where to place responsibility within and across the management team and the governance structure;
- who will manage and oversee its development and update at a practical level;
- how the map will be reviewed and updated in practice;
- when and how often that process will take place;
- how updated maps will be fed into the governance processes; and
- at which committees the map will be reviewed and for what purpose.

There will be many more questions to be asked and answered in each organisation.

Plan but prepare to evolve

Crucial to the success of this implementation process is that the thinking should be started at an early date and well before the map itself is complete. Ideally discussions about its maintenance should start during the development period so that management has had time to consider the

options for maintenance. The sponsor and senior management may wish to try out a few options during the development period.

During this process you will need to be ready along with the sponsor to both support with ideas and options as well as offering counsel and advice and, if need be, challenging from time to time.

A good result will typically be that the map itself becomes embedded in existing processes and practices. Such as, for example, a simple extension or adaptation of the existing risk registers and assurance processes.

Integrate with risk management

Rather than building a new system, separate from risk management, there is considerable benefit to be obtained from building the map in a way that it links closely and directly with the risk register. If anything, the assurance map may be regarded as an advancement of the risk register that enables a clearer picture of assurances to be developed.

Build into management and governance processes

When advising on or designing the way the map's maintenance will be integrated into regular business processes, it is important to consider the timing and placement of responsibilities at all levels including:

- middle management updating assurances;
- senior management reviewing and challenging the updates;
- integration and linking with risk management;
- responsibility for co-ordination and maintenance; who will take the lead responsibility for monitoring and ensuring all of these activities are taking place?
- timing and linking with governance including presentations to the audit and risk committee and the board.

The steps at middle and senior management will include ensuring that all the expected assurances are collected and collated on a regular basis and that any exceptions and failures are reported upwards through appropriate channels.

NB It is important that there should be a clear process or set of routes through which any assurance failures or weaknesses are reported to keep senior management and the Board informed without wasted effort.

Review mechanisms at the senior management and board levels would be expected to referral mechanisms built into the flows and processes to ensure that any necessary decisions can be made or actions determined within a reasonable timescale.

Integrate with public statements on the state of internal control

Many large listed organisations, and all public sector bodies, undertake an annual assessment of the financial and operational controls to support the governance statement. If the assurance map integrates the control frameworks being used, then it should both simplify the process of review and enable a greater degree of challenge to the quality of assurance being provided.

By thinking through the map in the context of such needs, it should be possible to shape the design of the map and the related management and governance processes such that the board are better supported when forming a view of their governance statements.

Alternative uses

While the primary use of assurance maps is generally the creation of a clear and safe picture of the state of internal control assurances, they can be used for other purposes. Having developed a detailed picture of the state of internal control, it may be that there are areas where the

cost benefit of the controls does not work and there is a need to reduce the cost of control. The sort of detail assembled in the aggregation process can be particularly helpful in enabling such reviews to be conducted. As with other aspects of the process this can be just as relevant in a small organisation as in a large one.