

# Gaining Assurance Efficiencies

Are your assurance activities focussed on critical risks?

2024



- Do you monitor the **burden on business** from assurance activities?
- Do you trust that your assurance activities are being **managed and reported in a timely manner**?
- What are your long term plans for enhancing your **assurance strategy**?
- Do the four lines of defence in your organisation operate together to **gain efficiencies with assurance**?

Do you know if there are **gaps or duplications** in your assurance strategy over your current and emerging risks?

Do you have a **Governance, Risk and Compliance (GRC) technology** to report on your assurance across your lines of defence?

**What is an assurance map and how does it impact your assurance strategy?**

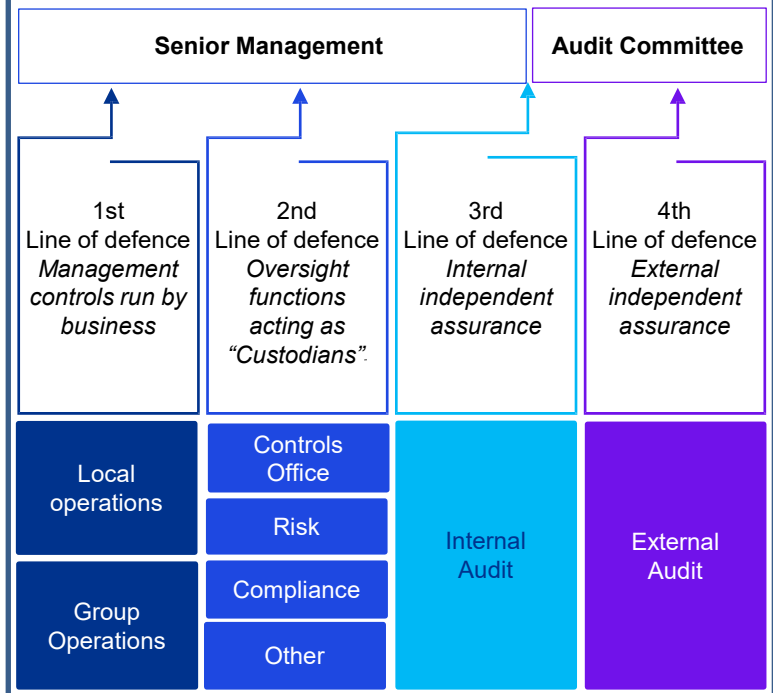
**Illustrative four lines of defence (4LOD) model with non-exhaustive examples of assurance activities in each line**

An assurance map is a

- **Visual and easy** to read illustration that provides an overview of the scope and coverage of your assurance activities;
- **Holistic approach** to risk and assurance that allows for dynamic and effective risk management; and,
- Consolidated representation of the assurance provided by the **‘four lines of defence’** which helps to identify the range of assurance sources available to an entity.

By identifying and outlining the assurance activities undertaken by each line of defence for your principal risks, you will be able to:

- Determine those risks which require further monitoring and management;
- Identify instances where certain risks have been subject to duplicated assurance activities; and,
- Make informed and focussed decisions with respect to your short, medium and long term assurance strategy over your principal risks.



### Triggers for undertaking an assurance mapping exercise

There are various drivers for an assurance map, including but not limited to, changing business environments, major transformation programs and need to ensure appropriate coverage of principal risks in an efficient manner.

## We have highlighted here some of the reasons why an assurance mapping exercise will be relevant and useful to you:

### Where your triggers are...

### ...and the benefits you stand to gain.

Laws and regulations will demand unprecedented levels of assurance.

Building an integrated view of your assurance framework, and areas where you aim to strengthen, is a robust first step to respond to new legal or regulatory requirements that have an impact on assurance needs.

Pressures exist to provide a better view of the assurance landscape to your Board and Audit Committee.

Integrating assurance information through leveraging technology and dashboards enables **comprehensive assurance reporting** to your stakeholders.

An optimised assurance framework gives comfort to your stakeholders that the principal risks are managed within the appetite.

Business transformations are the perfect opportunity to re-think how assurance is delivered.

Assurance mapping will show where assurance **duplications and gaps** exist, enabling you to optimise your assurance structure.

It also allows you to better respond to business transformation and changes in the risk landscape, as a constantly evolving assurance shows where new **assurance capabilities are required**.

Forward-looking assurance frameworks have Internal Audit in the driving seat, but **no longer as the sole agent of assurance**.

Assurance mapping will show you if your multiple assurance agents (internal and external) are **delivering true value** over your principal risks in a collaborative and efficient manner.

The mapping will give you an **integrated view of assurance activities** across the four lines of defence, including where new capabilities are required, and enable informed decision-making.

## What does an assurance map look like in its most basic form?

The map is intended to provide a snapshot view of the assurance obtained (coverage) over an organisation's principal risks by various teams which form the organisation's four lines of defence. The below illustrative example of an assurance map.

Principal Risks	Gross Risk Score	First Line of Defence Business operations "Management Controls"		Second Line of Defence Oversight functions, e.g. Risk, Compliance, Central Controls Office, Health and Safety etc)				Third Line of Defence Internal Audit	Fourth Line of Defence External Audit
		Control Assurance/ QA	Independent Reviews	Risk	Compliance	Central Controls Office	Other		
Regulatory Risk	15	M	M	M	N/A	M	M	M	N/A
Operational Risk	8	H	H	L	N/A	H	H	N	N/A
People Risk	15	H	H	M	N/A	H	H	N	N/A
Financial Risk	9	H	M	L	N/A	M	M	N	M
Credit Risk	10	H	H	L	N/A	M	M	N	M
Liquidity Risk	8	M	M	M	N/A	N	M	N	M
Technology Risk	8	L	L	H	M	N	M	N	N/A
ESG Risk	12	H	M	M	M	H	M	N	N/A

1

### High Coverage

Assurance provider provides a high level of assurance coverage over this risk

2

### Medium Coverage

Assurance provider provides a satisfactory level of coverage over the risk.

3

### Low Coverage

Assurance provider provides a minimum level of coverage over the risk.

4

### Not applicable or No assurance

N/A - Source of assurance is not applicable for this risk.

None – No assurance coverage

## Where we've done this previously

The Boards, Audit Committees and Management at our clients have found it useful to conduct assurance mapping to gain awareness of the way in which they are receiving assurance in relation to key areas of operations and over significant risks. It also supports the ability for these stakeholders to direct assurance activities into areas of higher risk, whilst ensuring both appropriate coverage and efficiency in the broader assurance activities across the enterprise.

### Client Ask

A client wanted a **holistic view of the assurance they are achieving across the organisation** to give the Audit Committee oversight of how they were gaining assurance over their principal risks.

*"In all my years of being a Chair of Audit Committee, this is the most useful document ... presented to me to allow [my team and I] to understand the holistic view of the risk and assurance environment and allow us to undertake our responsibility in holding the executive to account on the risk and control environment".*

### Our Approach

In response, we applied our **assurance mapping methodology**. Following a risk assessment to identify and categorise the key risks. We hold a risk workshop with each risk owner and map the assurance received to their risks. We then hold workshops with the second and third lines of defence to map the assurance they have provided to each of the key risks. We also leverage any supporting documentation in relation to the assurance activities across the four lines. This results in the assurance achieved being mapped against the four lines of defence to demonstrate the level of assurance obtained and any gaps identified.



### Outcome

The resultant assurance map is used as a **live document** to visualise and manage alignment of an organisations principal risks and associated assurance activities. This helps to identify key risk areas that have little to no assurance coverage across the four lines of defence and may then need to be prioritised for obtaining assurance coverage. It also helps with resourcing of assurance activities, managing business needs and bandwidth, and allows for continuous improvement.

## Suggested next steps

1

Consider whether you and your Audit Committee are **comfortable with the current level of assurance** being received.

4

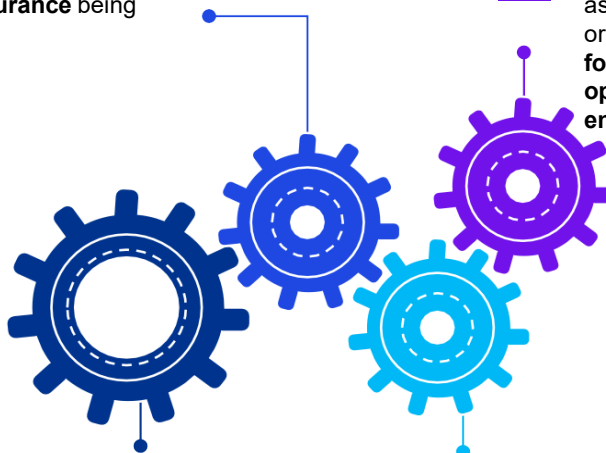
Finally, check whether you have enough information on the assurance obtained in the organisation to guide you on **areas for assurance focus and opportunities for efficiency** whilst ensuring appropriate coverage.

2

Consider undertaking a **'blank page' strategic risk review exercise** to start with to ensure you have captured the right principal risks at an organisational level.

3

Assess whether the level of assurance obtained is **appropriate for your risk appetite**.



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