

STANDARD AUDIT PROGRAMME GUIDE

SAPG Ref.: 0904	Function: Research & Development	Activity/System: Development Project Management
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Company:	Division:	Country:	Site:
Audit Ref.:	Date:	Completed by:	Reviewed by:

Control Objective(s):

(a) To ensure that all R & D projects are effectively managed so that the objectives and key criteria established at the outset of the project are cost effectively and efficiently achieved; (b) To ensure that all the resources required to undertake research and development projects are accurately identified, costed, justified, authorised, and provided; (c) To ensure that project management responsibilities and accountabilities are defined and allocated; (d) To ensure that all the actual project costs are correctly identified, accounted for, and monitored against the established budgets; (e) To ensure that the progress of all projects is adequately monitored by management and that appropriate changes are authorised and applied when necessary; (f) To ensure that adequate, accurate, and timely management information is provided; (g) To ensure that adequate, appropriate, and legally required levels of testing are conducted and evidenced; and (h) To ensure that all the relevant legal and regulatory requirements are correctly addressed.

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Seq.	Risk/Control Issue	Current Control/Measure	WP Ref.	Effective Yes / No	Compliance Testing	Substantive Testing	Weakness to Report
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1	Key Issues						
1.1	Have formal Project Management Procedures been defined, authorised and implemented (and if so, how can management be assured that the procedures are adhered to)?						
1.2	Has management defined and authorised the project objectives, and how can they be sure that these will be achieved?						
1.3	Have key project targets and deliverables been identified, and are they subject to ongoing monitoring throughout the project?						
1.4	What processes ensure that all the required project resources are accurately identified, costed, justified,						

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	authorised and provided?						
1.5	What measures are in place to ensure that adequate and suitable staff resources are made available for the duration of the project (and have any training requirements been satisfactorily addressed)?						
1.6	Have management responsibilities been formally allocated to named individuals, and how do they report upon their progress, etc.?						
1.7	How is management assured that all project costs are correctly accounted for and monitored against the defined budgets?						
1.8	Are all R & D projects subject to adequate ongoing management in order to cater for the following aspects?:						

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	<p>- adequate coordination of all the affected functions to ensure achievement of the project objectives;</p> <p>- definition of key stages of the project and the ongoing monitoring of actual progress against targets and budgets;</p> <p>- authorisation and control of all project resources and costs.</p>						
1.9	<p>What steps are taken to ensure that adequate, timely, accurate, and relevant project information is generated and circulated to management?</p>						
1.10	<p>How can management be confident that any project problems, shortcomings, or budget problems would be promptly identified and</p>						

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	reported for action?						
1.11	How does management ensure that they keep abreast of all the relevant legal and regulatory requirements, and ensure appropriate compliance is attained?						
2	Detailed Issues						

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2.1	Have accurate and realistic timing and cost targets been set for projects?						
2.2	What measures prevent either unauthorised project expenditure or activities, and how would management be made aware of them?						
2.3	Have sufficiently detailed budgets been established, and are they subject to ongoing monitoring against actual costs?						
2.4	What processes ensure that all R & D costs are identified and correctly reflected in the project and company accounts?						
2.5	Have adequate arrangements been made to provide management with regular, accurate and relevant project information (i.e. progress, actual costs versus budgets, failures to achieve deadlines, technical problems, etc.)?						

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2.6	Have quality and performance targets been established, and what measures ensure that they are cost effectively achieved?						
2.7	If project objectives prove to be either impossible or unreasonably expensive to achieve, are they reviewed by senior management so that either expenditure limits are authorised for amendment or the objectives are amended?						
2.8	Who has the authority to abandon an unsuccessful project, and what measures are in place to fully assess the impact of such a decision?						
2.9	How can management be assured that products and technologies under development are adequately and appropriately tested?						
2.10	Where necessary, are product testing programmes related to the achievement of						

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	recognised national, regulatory or legally required standards?						
2.11	How are the conclusions and outcomes of R & D projects presented and converted into the related production processes, and are they subject to formal commercial and financial assessment before proceeding?						
2.12	How is the accuracy of data input from other systems (i.e. budgetary control and project control system) confirmed?						
2.13	How is the accuracy of data output to other systems (i.e. project accounting) confirmed?						

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SYSTEM INTERFACES FOR DEVELOPMENT PROJECT MANAGEMENT (R & D)

It is unlikely that any activity or system will operate in complete isolation, but will need to interact with other data and systems in order to be fully effective. At a simple level, such interaction could relate to the input of data from a source system and the generation of amended or enhanced data which can be output to the next process. For example, taking coded transactions from an accounts payable system into the general ledger as the basis for subsequently producing management accounts information.

It is often at the point of interaction between systems where controls are critical. Auditors should be satisfied that the data moving between systems is consistent, complete and accurate, in order that the subsequent processes are undertaken upon a reliable basis.

The following table aims to plot, for the subject system of this Standard Audit Programme Guide, the potential interfaces with other systems which may require audit attention. Indicators are provided to differentiate between those interfaces which act as input sources to the subject system and those which are potential output targets. The "SAPG Ref." column records the reference number of the Programme Guide which addresses the issues for the related system

System	SAPG Ref.	Input Source	Output Target		System	SAPG Ref.	Input Source	Output Target
Planning	0104	√	√		Facilities, Plant & Equipment	0602	√	√
Risk Management	0105	√	√		Personnel (production)	0603	√	√
Insurance	0110	√			Materials & Energy	0604	√	
Security	0111	√			Quality Control (production)	0605	√	
Capital Projects	0112	√			Safety	0606	√	
General Ledger & Management A/Cs	0205	√	√		R & D	0901-05	√	√
Budgeting & Monitoring	0207	√	√					
Product / Project Accounting	0212	√	√					
Planning & Production Control	0601	√	√					

