

# ENGINEERING & CONSTRUCTION RISK INSTITUTE

Document number: <b>ECRI-RA-001 (DESC)</b>	<b>Outline for Audit of a Company's Risk Management Process</b>	Page 1 of 1
Issued:- 11 November 2014		

**Purpose:** The purpose of this document is to establish a methodology for an E&C company to review the adequacy of its Risk Management Process and its commitment and effectiveness in utilizing the process.

**Introduction:** A company's concern about the adequacy of its risk management methods generally will be a function of the maturity of that company's Risk Management Process. This document outlines a method to review a company's Risk Management Process at three levels:

**Audit Phase I** addresses the existence and adequacy of the company's framework for its Risk Management Process and company's Executive Management commitment to drive the process.

**Audit Phase II** addresses whether the company's business methods and procedures/work processes are fully aligned and integrated with the Risk Management Process

**Audit Phase III** addresses specific proposals and projects and tests their adherence to the company's Risk Management Process as well as the resulting project risk management plans.

**Application:** Companies new to formal risk management will probably work Phases 1 and 2 until confidence is achieved in the suitability and practicality of their processes. All E&C companies should consider regularly using Phase 3 for their work in progress and companies with mature risk management systems will have systematic audits of bids and contracts in place, typically conducted by Compliance or Internal Audit groups, to ensure the risk processes are being followed. Typical checklists of items to review are included for Phase 1 & 2 audits. Phase 3 audits are against the company's specific work processes

**ECRI Description file – The complete version of this document is located in the Sponsors Resources area of this website and requires a Sponsors Login to access.**

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