

ENGINEERING & CONSTRUCTION RISK INSTITUTE

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Purpose: The purpose of the audit outline document is to establish a methodology for an E&C firm to review the adequacy of its risk management methods and systems. It does so at three different levels of review:

- Audit Phase I addresses the existence and adequacy of the firm's formal Risk Management Process and the firm's management commitment to utilization of the process
- Audit Phase II addresses whether the firm's business methods are integrated with the Risk Management Process
- Audit Phase III addresses specific proposals and projects and tests their adherence to the firm's Risk Management Process as well as the project's risk management plan.

Application: A firm's concern about the adequacy of its risk management methods generally will be a function of the maturity of that firm's Risk Management Process. Those firms new to formal risk management probably will work phases I and II until confidence is achieved. All E&C firms should consider regular Phase III reviews of their work in progress.

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