

# Post completion audit essay sample



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In Shirley Jackson's "The Possibility of Evil", the title is not appropriate because of the pleasant setting of the story. This can be proved by the respect that Miss Adela Strangeworth gave to the town and her nice as well as caring behavior towards the people in the town. Primarily, the setting of the story is calm and peaceful like a decent society. This can be proved by the quotation, "Miss Strangeworth's little town looked washed and bright". This analyzes that in a little town everything seems to be perfect and has fresh as well as clear surrounding with no chance of evil. Secondly, Miss Strangeworth shows respect to her town the same way that her grandmother used to. When Miss Strangeworth says, "My mother tended them, just as I do" which clearly proves that she has the same good feeling for the town like her grandmother. There is no harm and no possibility of evil but instead it is being appreciated by Miss Strangeworth.

Lastly, Miss Strangeworth's behavior is nice and caring to the people in town. It is proved when Miss Strangeworth walks down the street and says good morning and asks people's health which proves that she has good feelings and emotions for other people. She asks about their health, which clearly indicates that she, is a caring and loving woman. In conclusion, the setting of the story, Miss Strangeworth's respect to her town and her nice as well as caring behavior effectively proves that there is no evil present in the novel and the title The Possibility of Evil is not well-suited for the story.

Post completion audit aims to evaluate the efficiency and effectiveness of the capital budgeting decision that the management has implemented. It compares between the planned and the actual outcome, costs and the use of resources, results and benefits. It contains all assumptions that were made

during the decision-making period. It is one of the ongoing continuous processes through which the organisation learns and improves.

Recent research suggests that capital budgeting involves far more than a simple concern with appropriate methods of appraisal. As Neale interlinked successful operation of the key phases of a sequential system as depicted below [5]. It highlights the key questions examined at different stages of the investment decision and control process.

### 1 Determination of the budget

- \* How much is available to spend?

### 2 Search

- \* What project ideas have emerged?
- \* What costs and benefits will they generate?

### 3 Evaluation

- \* What is the value of the projected costs and benefits?
- \* What is the target rate of return?
- \* Does the project's internal rate of return exceed this? (Or does it have a positive net present value?)
- \* How risky is the project?

### 4 Monitoring

\* During implementation

– Is the project on schedule?

– Will costs exceed the budget?

\* Ongoing

– Is the project performing to budget?

– If not, why not?

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\* Is the project performing to initial expectations?

\* How justified were these expectations?

\* What lessons can we draw to assist future appraisals?

Source: [5]

According to Neale, the final phase of the process is the post-completion audit of the project, and it involves:

\* examination of the project's progress in its implementation phase; and

\* in-depth analysis of the realised costs and benefits to date and the likely future prospects of a project, as compared to initial expectations.

The post completion audit is a positive and forward looking tool. The decision to carry out a post completion audit is normally made before the project is engaged. Unless an appropriate information system already exists,

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otherwise, firms should set it up from the beginning to assure that the information needed for a proper audit is available as the project progresses. The carrying out of such an audit can lead to the identification of individuals who may appear to be responsible for deviations from forecast. However, the post completion audit team should always aim to determine why and how deviations occurred, not who can be blamed for them. Once the original cause has been determined, a key step must be taken toward choosing the appropriate action for the future. The emphasis is to be placed on collecting factual and quantifiable data and information, not on second guessing the decision makers who made decisions during the various phases of the project.

The post completion audit is not aimed to apportioning blame; it is aimed at understanding and at generating continuous progress. It is a major component of the strategic development of the firm. Neale also stretches that having focused on the implementation and early operation of selected investment projects, investigators may suggest one of three possible actions: fine-tuning a project to steer it back on course; a significant change in the future development of the project; or outright abandonment. A post completion audit that is primarily designed to produce one of these outcomes may be said to be “ project control-oriented”. At a more fundamental level, the post completion audit acts as a control device for the whole system of capital expenditure decision-making. Using the vehicle of detailed examination of particular investment projects, the investigating team can study both the quality of operation of individual stages of the

decision and implementation activities and also the linkages between them. Such an approach may be described as “ system control-oriented”.

Organisations that perform post completion audits are more knowledgeable because they have the opportunity to learn from past errors and successes, those which do not review the operation of investment projects may be ignoring the opportunities to improve their internal processes, regarded by Johnson as critical to improving performance [4].

According to Garvin [3], a company is a learning organisation if it is skilled in the following areas:

- \* systematic problem solving;
- \* experimentation with new approaches;
- \* learning from experience and past history;
- \* learning from the best practice of others;
- \* transferring knowledge quickly and efficiently throughout the organisation.

Post completion audits have a potentially critical role to play in the second and last of these areas, i. e. by helping companies learn from experience and providing a mechanism for transferring knowledge relevant for improving procedures and hence decision effectiveness throughout an organisation.

However, the success in operation of a post completion audit system appears to depend on the way in which it is introduced, how it is explained to participating staff and, in particular, whether senior management itself is

clear about the objectives which a post completion audit is expected to meet.

The post completion audit should be carried out by a committee composed of persons who are experienced in the firm's capital expenditure control system and sufficiently familiar with the processes used in assessing technical, financial and marketing aspects of both the implementation of the project and of its outcome. Since the scope of a post completion audit extends beyond financial information, the accountant, the internal controller, the management controller or the financial officer serving on a post completion audit committee should do so as a manager first, not just as an accountant. The size of the committee is a function of the size of the firm and of the relative size of the project.

According to Cosserat [2], a successful post completion audit requires that:

- \* some of the persons who have been involved in the decision and implementation processes will participate in the committee work for their own as well as for organisational learning;
- \* the post completion review committee includes independent analysts and managers;
- \* the members of the committee, or at least its senior members, have the appropriate level of authority to have access to the required information. The post completion review committee is not necessarily a permanent committee. Its composition may vary with each project so as to gain the most from the learning experience;

- \* management supports the committee and provides it with the required resources;
- \* individual responsibilities of the committee members are clearly specified.  
In some cases designing a procedures manual will be useful;
- \* committee members must understand the enterprise's strategy, operations, context and environment;
- \* committee members must be provided with the opportunity to communicate and cooperate with the personnel in all functions and departments. They may also be authorised to seek assistance from consultants or outside agencies;
- \* the experience of previous post completion reviews must be made available to the committee.

Thus, supervision of the post completion audit committee should, in principle, be assigned to a senior manager. The actual composition of the committee will be a function of many circumstantial variables specific to each firm. In certain situations where the review of the technical or marketing aspects of the project is particularly difficult or critical, the lead role will best be filled by someone with the necessary skills and experience. In this case the management accountant or management controller will work closely with the lead person.

Therefore, the management accountant will have a leading role during the audit of the actions taken to insure adherence to the company policies and procedures. Bigg and Davies [1] suggested that the internal audit



department should be represented on the committee to ensure that it meets internal auditing standards. Accountants and auditors should not represent the core of the committee. The Chief Internal Auditor should always be represented on the committee or be kept informed of its progress to eliminate the need for subsequent audits that might duplicate the post completion audit. The presence of operational executives on the committee is crucial to ensure that the findings of the committee are credible to all on the senior management team.

Clearly, to maximise the contribution of the post completion audit to organisational learning, decision-makers have to determine where their priorities lie as between merely promoting general awareness of the need to make more thorough project appraisals at one extreme, and of imposing a tariff of penalties at the other. A post completion audit which promotes organisational learning is likely to emphasise the lessons which can be drawn from both successful and unsuccessful projects and to suggest ways of disseminating these lessons throughout the organisation.

#### References:

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