

The University of New England.

**A PROCESS FOR MONITORING THE IMPLEMENTATION OF
AGREED MANAGEMENT ACTIONS IN RESPONSE TO INTERNAL
AUDIT RECOMMENDATIONS.**

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1. Background:

Historically, there have often been very long lead times between the formal reporting of Internal Audit recommendations and their eventual implementation. It is not general practice in other organisations to allow audit recommendations to remain outstanding for lengthy periods of time, particularly where the level of risk involved is assessed as being high.

2. Purpose :

This document is intended to provide a process to ensure that agreed management actions to audit findings are implemented within an acceptable time frame and/or all outstanding action plans are promptly followed-up. It is proposed that this be achieved by a process whereby agreed actions arising from Internal Audit recommendations are *progressively 'escalated'* to the attention of more senior levels of management, and ultimately to the Audit and Compliance Committee.

3. Line Responsibility:

Unless otherwise agreed, the responsibility for ensuring that agreed management actions to audit recommendations are implemented within formally agreed time frames vests in the *Head of the UNE Academic or Administrative Unit* to whom the Internal Audit Memorandum containing the recommendations is *addressed*.

4. Communication:

A *draft Audit Memorandum*, addressed to the Head of the Unit concerned will be provided by Internal Audit *for discussion purposes* and comment sought about any *corrective action* planned in respect the audit recommendations, including the *time frame* envisaged.

Once the Unit Head’s responses have been obtained, the *final Audit Memorandum* will then be issued, with that *manager’s comment included*. The matter(s) concerned will be added to a ‘rolling schedule’ of Internal Audit Recommendations in Progress. Any matters which remain outstanding beyond the agreed timeframe would be referred to the senior manager with responsibility for the Unit concerned and ultimately to *the UNE Audit and Compliance Committee*, in the form of a periodic report of outstanding issues. *2

5. Action Protocol

Using the University’s current risk rating methodology as the prima-facie determinant of priority, the following protocols are intended to govern the timing of both:

(i) *Internal Audit reporting of ; and*

(ii) *Management’s actions in response to,*

the implementation of previously agreed actions stemming from Internal Audit recommendations.

Risk Rating	Internal Audit Actions *2	Management Actions *1
‘EXTREME’ RISKS	<ul style="list-style-type: none"> • A <i>draft</i> audit memorandum to be issued <i>within two weeks</i> of the audit.. • The <i>final audit memorandum</i> should be issued <i>immediately</i> on receipt of Management’s <i>action plan / timetable</i> and the matter(s) added to the ‘rolling schedule’ of Internal Audit Recommendations in Progress for reporting to the UNE Audit and Compliance Committee. 	<ul style="list-style-type: none"> • The Head of Unit to prepare an <i>action plan / timetable</i> in respect of agreed matter(s) and Internal Audit should be provided with a copy <i>within two weeks</i> of receipt of the draft audit memorandum • <i>Implementation</i> of proposed solution/action and <i>reporting</i> of completion/progress to Internal Audit should be in accordance with the terms of the agreed action plan.
‘HIGH’ RISKS	<ul style="list-style-type: none"> • A <i>draft</i> audit memorandum to be issued <i>within two weeks</i> of the audit. • The <i>final audit Memorandum</i> should be issued <i>immediately</i> on receipt of Management’s <i>action plan / timetable</i> and the matter(s) added to the ‘rolling schedule’ of Internal Audit Recommendations in Progress for reporting to the UNE Audit and Compliance Committee. 	<ul style="list-style-type: none"> • The Head of Unit to prepare an <i>action plan / timetable</i> in respect of agreed matter(s) and Internal Audit should be provided with a copy <i>within two weeks</i> of receipt of the draft audit memorandum. • <i>Implementation</i> of proposed solution/action and <i>reporting</i> of completion/progress to Internal Audit should be in accordance with the terms of the agreed action plan

<p>OTHER RISKS (Viz: 'Tolerable' 'Low' & 'Negligible.')</p> <p>*3</p>	<ul style="list-style-type: none"> • A <i>draft</i> audit memorandum to be issued <i>within one month</i> of the audit. • The <i>final audit Memorandum</i> should be issued <i>immediately</i> on receipt of Management's response. 	<ul style="list-style-type: none"> • <i>Where applicable</i>, the Head of Unit to prepare a <i>response</i> in respect of any matter(s) where the respective risk ratings of Management and Internal Audit significantly differ. Internal Audit should be provided with a copy <i>within six months</i> of receipt of the draft audit memorandum.
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NOTES:

*1 "Update" reports may be made via emails to Internal Audit and these reports should include brief details of action completed and/or progress made. Where agreed time frames are *not* likely to be met, that fact should be *highlighted* together with the reasons for the delay and the remedial action that is to be taken.

*2 Where management actions fall *outside of previously agreed guidelines* or *beyond previously agreed time frames*, Internal Audit will advise the appropriate *UNE Executive* (e.g. PV-C, or E-D) with a copy to the Head of the Unit concerned. Periodically the Vice-Chancellor, and ultimately the *UNE Audit and Compliance Committee* will also be advised, of *all matters* that have not been met within the required timeframe and which remain outstanding.

*3 Risks at these levels would not normally be expected to generate Internal Audit issues. However, it is conceivable, for example that on occasions, Internal Audit may allocate a higher risk rating than Management. An example is where a *significant control* is being relied on by Management to reduce a *high inherent risk* to a satisfactory level of *residual risk*, is not considered to be effective, resulting in a reassessment of the residual risk rating.