
SECTION C-5

MONITORING PROGRESS

IIA Standard 2500, Monitoring Progress, requires that the chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management. In addition, the chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

IIA Standard 2600, Resolution of Senior Management's Acceptance of Risks, requires the chief audit executive to discuss with senior management instances where they believe that senior management has accepted a level of risk that may be unacceptable to the organization. If the decision regarding residual risk is not resolved, the chief audit executive must report the matter to the board for resolution.

Management's planned actions are identified and included in an Action Plan for each audit report, as appropriate. Open action items are included in a follow-up database. The status of action items are included in a quarterly Follow-up Status Report submitted to management and the Board of Regents at the Audit and Compliance Committee Meetings. Any action items not addressed satisfactorily are discussed with senior management and, if appropriate, discussed with the Audit and Compliance Committee.

Audit Report – Action Plan: For each audit report that contains recommendations, an Action Plan containing actions management agreed to take to help address the audit recommendations/issues identified during an audit is prepared. The Action Plan included in the report contains information regarding the action(s) to be taken, the estimated completion date(s), and the person(s) responsible. Action items not completed prior to the issuance of the audit report are included in the follow-up database for follow-up on a quarterly basis. Action items completed prior to issuance of the final report are indicated as "Action Complete".

In addition, a follow-up database template is completed with the open action items and included as a second worksheet to the Action Plan. After the final reports are distributed, the information contained in the follow-up database template is added to the follow-up database.

Action items are color coded to indicate its risk level. Red indicates the action item has a high risk level. Blue indicates the action item has a medium risk level. Green indicates the action item has a low risk level.

Action Item Files/Pouches:

After final audit reports are distributed, a hardcopy file is prepared for each audit containing action item information. Pouches are prepared for each action item and information pertaining to the original audit finding and action item is printed and included in each pouch. The files are placed in the file cabinet containing other audit reports with open action items. As follow-up work is performed on the action items, information is added to the pouch. Once all action items are determined to be completed for an audit, the file is removed and placed in the file room.

Follow-up Database: A database (Excel file) is used to monitor the disposition of actions management agreed to take as the result of an audit. Action items are added after final reports are distributed and action items are removed after they have been satisfactorily completed.

The database includes the following information on each action item:

- Report number
- Report name
- Action item number and number of items in the report
- Estimated completion date
- Responsible person
- Entity (Campus)
- Action to be taken
- Status (to be completed as part of the follow-up status reporting)

Follow-up Status Report: The status of action items are reported to the Audit and Compliance Committee of the Board of Regents at each regularly scheduled quarterly meeting. Action items are generally reported in calendar increments, e.g. actions items with estimated completion dates between October 1 and December 31st are included in the Follow-up Status Report presented at the February Audit and Compliance Committee meeting. The status of all action items that had estimated completion dates related to the reporting period are indicated with “Action Complete”, “Partially Implemented”, or “Not Implemented”.

- Action Complete - indicates that the action has been satisfactorily completed.
- Partially Implemented – indicates that the action is not completed and includes an updated management’s response on the status of the action item and a new estimated date of completion.

- Not Implemented – indicates the action has not been completed and includes an updated management’s response on the status of the action item and a new estimated date of completion, if appropriate.

Internal Audit Guidelines for Processing Action Items for Quarterly Follow-up Status Reports

1. The CAE prepares Follow-up Report Draft and
 - drafts email with attachment with no addresses
 - forwards to Executive Administrative Assistant
2. Executive Administrative Assistant drafts email addresses and sends to the CAE.
3. The CAE copies email addresses from Executive Administrative Assistant’s email, cc’s the Executive Director, and other audit staff responsible for obtaining the follow-up status of the action items and issues draft.
4. Status emails are received by Internal Audit.
5. Audit staff responsible for obtaining the follow-up status of the action items review documentation in email and determine whether action is complete, partially implemented (PI) or not implemented (NI)
 - From original Follow-up Report Draft attached to the CAE’s email, copy action item into template report format which will be transmitted to the CAE with status and updated management response, if necessary.
 - If action is complete, input action complete on cover page in pouch and indicate what action was taken, attach documentation, sign, and date.
 - If action is PI or NI, draft updated management response to be inserted in follow-up status report and include in excel template and email to the CAE. Indicate Status (PI or NI) on cover sheet in pouch, sign, and date.

NOTE: Insure that updated management response is in the proper font color and style (New Times Roman #11)

6. Pouch is placed in the CAE’s inbox as each item is completed.
7. The CAE reviews the documentation in the pouch, populates the Follow-up Status Report and control report, and prints out the appropriate action from the follow-up report and

places it in the pouch. The CAE signs and dates all completed action items and places the action items in the Follow-up Report file.