

AUDIT FOLLOW UP PROTOCOL

Background

As Accountable Officer, the Board Chief Executive is ultimately responsible for ensuring that the Board has effective management systems in place to safeguard public funds. Good practice guidance, as laid out in the Audit Committee Handbook (section 4.3), re-emphasises the importance of follow up actions to ensure that the actions agreed by management address control weaknesses identified by the work of Internal and External audit and are actually implemented.

Draft Audit Reports

- A copy of the Draft Audit report is issued to the manager responsible for the area concerned. When management are satisfied as to the factual accuracy of the report, management responses are incorporated and a responsible officer/date of action appended. The completed draft report should be sent back to Internal/External Audit within **three weeks** of the date the draft report is issued to them. Thereafter, for Internal Audit projects, a draft final report is issued to the Associate Director of Finance. The final report is then issued by Internal/External Audit to all the officers named on the front of the report and in the action plan.
- In the event of a completed draft report not being sent back to Internal/External Audit within the agreed time period set and only in cases where management have taken steps and a solution has still not been found, will the matter be referred to the Chief Executive.

Follow Up Procedure

- A copy of all final audit reports is passed to the *Principal* Corporate Accountant who will be responsible for **producing two full-cycle and two mid-cycle audit follow up reports, ~~producing a follow up report~~** for consideration at **four** Audit Committee Meetings. **Mid-cycle reports will focus on providing an update to the status of action points included in the closely monitored items reported to the previous Committee as part of a full cycle report.**
- Reports to the Audit Committee will separately identify Internal and External follow-ups and will cover a three-year rolling period (ie three previous years ~~current year plus two previous~~) **plus the current year for information.**
- Once an action point falls one month or more overdue, a copy of the action plan and **guidance ~~follow up procedures~~** will be sent by Audit Follow Up to the Responsible Officer, requesting the officer to provide an update on the current status of the action point, annotating with letters 'A-F' as appropriate (see **Audit Follow Up protocol in following page ~~classification below~~**), and **only** including additional explanation of the factors impeding progress if the action has not been completed ('C' or 'D' status). **Additional explanation is also required for actions classified as no longer relevant ('F' status), for authorisation by the Associate Director of Finance.** Status updates will be requested periodically until the action has either been actioned ('A' status) or is no longer relevant ('F' status).

AUDIT FOLLOW UP PROTOCOL

The classifications used in the Audit Follow Up process are as follows Responsible Officers should classify the status of all agreed actions as follows:

- A Actioned** - Recommendation fully implemented
 - B In Progress** - Agreed action will be completed within one month of the due date
 - C In Progress** - One month or more overdue and not completed due to external factors. This classification should be used where a responsible officer is unable to complete an action due to circumstances outwith his/her control. (An explanation of the factors hindering progress should be supplied).
 - D In Progress** - One month or more overdue - Inadequate progress (As in 'C' above, reasons for the lack of progress should be supplied).
 - E Not Yet Due** - Date for implementation is still in the future
 - F No longer relevant** - Intended course of action redundant
- If a named officer believes that the agreed action ***no longer forms does not form*** part of his/her remit ~~and/or that the date for implementation is unrealistic~~, the onus will be upon the officer to ***immediately*** inform ~~his/her Operational Manager and the~~ Associate Director of Finance in writing, ~~to that effect immediately~~ providing ***explanation of why he/she no longer has responsibility for the action and providing the name of the new officer. The Associate Director of Finance will exercise judgement on whether the requested change of officer is reasonable.***
 - ***If a named officer proposes to alter the completion action due date, the onus will be on the officer to inform and provide explanation in writing to the Associate Director of Finance, as early as possible and in advance of the original date. The Associate Director of Finance will exercise judgement on whether, in the circumstances, the reason for non-completion and the revised date are reasonable.***
 - Progress reports, which include the extracted wording provided by responsible officers, will be presented at Audit Committee for those action points recorded as a 'C' or 'D' (outstanding for one month or more) with business critical findings one and two for internal audit, and high and medium for external audit.
 - Where significant inaction is apparent and intervention is required, the Associate Director of Finance will discuss this with the relevant Director/Senior Manager and will report on an exceptions basis to the Chief Executive. Only in cases where management have taken all steps and a solution has still not been found, will the matter be referred to the Chief Executive.

AUDIT FOLLOW UP PROTOCOL**Formal Follow Up By Internal/~~External~~ Audit**

As part of the annual planning process, time is set aside by Internal/~~External~~ **Audit** to undertake a review of the follow up process for all Audit reports. Internal/~~External~~ **Audit** has access to the system and periodically reviews the operation of the audit follow-up mechanism. On a sample basis Internal/~~External~~ **Audit** will review the accuracy of the responses submitted to the Audit Follow Up Team to ensure that the information being submitted is accurate. In addition, the Associate Director of Finance may exercise the right to further sample responses from managers to establish the accuracy of their actions.