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FOLLOW-UP AND REMEDIATION PROCESS AND PROCEDURES

DEFINITION –

The process by which the AD evaluates the adequacy, effectiveness, and timeliness of corrective actions taken by management on reported findings (observations and recommendations), including those made by external service providers and others. This process also includes determining whether senior management has assumed the risk of not taking corrective action.

BACKGROUND –

IIA Standard 2500, *Monitoring Progress* states, “The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.” Per the Charter, the AD is responsible for developing a flexible Annual Audit Plan, which includes latitude for adequate Follow-Up on any issues identified during the engagement process.¹

Elements that steer the Follow-Up Process are the findings/observations, as set forth in audit/engagement deliverables, original management responses to those findings/observations, and management’s self-reporting of the status of actions taken.

PURPOSE –

Provide the framework for the AD’s Follow-Up process to evaluate the adequacy, effectiveness, and timeliness of actions taken by management to resolve findings/observations, as set forth in audit/engagement deliverables.

APPROACH AND METHODOLOGY –

- Auditors prepare findings in the AD’s automated workpaper system and identify the following:
 - Responsible Department
 - Management Response
 - Risk Ranking
 - Follow-Up Status (Initial status is “Reported Not Closed”)
 - Business Users (City Department management)
- On an on-going basis, the AD performs the following monitoring actions:
 - Reviews the database of open medium and high risk rated findings and requests status updates from business users, when necessary.
 - Reviews status updates received from business users.
 - Evaluates the adequacy of management’s self-reported progress toward individual finding resolutions ensuring timely and responsive updates are received.

¹ GAGAS 8.30 requires auditors to evaluate whether appropriate corrective action has been taken to address findings and recommendations from previous engagements that are significant within the context of current audit objectives. This is part of the engagement planning process (see Procedure No. 220.20).

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- Reassign the status categories of findings when warranted by the information received. If management provides sufficient and appropriate evidence to support status updates stating that findings have been remediated, those findings can be closed (“Closed Verified” status). Otherwise, those findings are scheduled for follow-up testing (“Closed Not-Verified” status).
- Select Departments for Follow-Up testing procedures when status updates indicate that findings have been remediated.
- Perform follow-up testing and report results to the appropriate stakeholders.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

PERFORMANCE AUDITS

8.30

IIA STANDARDS

2500 – MONITORING PROGRESS

2600 – COMMUNICATING THE ACCEPTANCE OF RISKS

IIA IMPLEMENTATION GUIDANCE

2500 – MONITORING PROGRESS

2600 – COMMUNICATING THE ACCEPTANCE OF RISKS

CHANGE HISTORY

CHG #	DATE	SECTION	DESCRIPTION/REASON
1	5/20/2016	All	General update and edits to reflect revised internal processes
2	7/1/2019	Relevant Professional Standards	Updated to reflect updates to Professional Standards