

June 13, 2016

Item Name: Audit Resolution Policy Revision

Program: Audit Services

Item Type: Information

Executive Summary

The Audit Resolution Policy (Policy) was presented to the Risk and Audit Committee (Committee) as an information item at its April 19, 2016 meeting. The revised Policy includes changes based on feedback from the Committee.

Strategic Plan

This item is not a specific product of the Strategic Plan, but is required by the Board approved Office of Audit Services Charter.

Background

In accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing (Standards)*, the Chief Auditor is required to establish a follow-up process to monitor audit findings to ensure management actions have been effectively implemented or that executive staff has accepted the risk of not taking action.

The Policy provides a system to track corrective actions or acceptance of risk taken by management on reported audit issues and to convey these actions to executive staff and to the Committee in keeping with the Board of Administration's fiduciary oversight responsibilities.

Analysis

Attachment 1 is the proposed Policy. Attachment 2 displays the Policy with changes based on feedback from the Committee. The key changes include the following:

- The Acceptance of Risk sections for both Internal Audits and Public Agency Reviews have been revised to clarify that the division may accept risk of not implementing corrective action, unless it violates applicable laws and regulations.
- The term Deputy was clarified as meaning Deputy Executive Officer.
- Other minor edits were made to ensure consistent language was used throughout the Policy and to add clarification.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

The Policy (as revised) provides the following benefits:

- Enhances the existing Policy to clearly identify the process for resolving findings from Public Agency Reviews; and
- Supports Enterprise Risk Management by clarifying risk management roles and ensuring management promptly takes corrective action on audit findings.

The risks in not implementing the Policy (as revised) are:

- Risk management roles are not as clear as they could be; and
- Finding resolutions for Public Agency Reviews are not monitored by OFAS.

Attachments

Attachment 1 – Proposed Revised Audit Resolution Policy

Attachment 2 – Red-line/strikeout Version of the Audit Resolution Policy

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