

Internal Audit Recommendations Follow-up Report – Appendix 4

Internal Audit Follow-up Process

As part of the section's standard operating procedures, all main audit reviews are subject to a formal audit follow-up exercise to evaluate the progress of management in the implementation of recommendations between six to twelve months after the main audit. These reviews will look to verify the evidence of action taken and may involve some transaction testing where compliance issues were a concern in the original audit review. Where it was considered that recommendations were not implemented at time of first audit follow-up, a further follow audit will be scheduled depending on the residual risk posed by uncompleted actions. The outcomes from these formal follow-up reviews are set out in **Appendix 1**.

In addition to this formal audit follow-up process, internal audit obtains status updates from recommendation owners on a quarterly basis for any open red or amber priority recommendations. The outcome from these status checks are reported in **Appendix 2**.

Audit recommendations are prioritised and categorised as follows.

Category	Definition	Target Timescale for taking action
Red - priority	A serious issue for the attention of senior management and reporting to the appropriate Committee Chairman. Action should be initiated immediately to manage risk to an acceptable level.	1 month or more urgently as appropriate
Amber - priority	A key issue where management action is required to manage exposure to significant risks, action should be initiated quickly to mitigate the risk.	Less than 3 months
Green - priority	An issue where action is desirable and should help to strengthen the overall control environment and mitigate risk.	Less than 6 months