

Practice Advisory 2500-1: Monitoring Progress

Primary Related Standard

2500 – Monitoring Progress

The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

1. To effectively monitor the disposition of results, the chief audit executive (CAE) establishes procedures to include:
 - The timeframe within which management’s response to the engagement observations and recommendations is required.
 - Evaluation of management’s response.
 - Verification of the response (if appropriate).
 - Performance of a follow-up engagement (if appropriate).
 - A communications process that escalates unsatisfactory responses/actions, including the assumption of risk, to the appropriate levels of senior management or the board.
2. If certain reported observations and recommendations are significant enough to require immediate action by management or the board, the internal audit activity monitors actions taken until the observation is corrected or the recommendation implemented.
3. The internal audit activity may effectively monitor progress by:
 - Addressing engagement observations and recommendations to appropriate levels of management responsible for taking action.
 - Receiving and evaluating management responses and proposed action plan to engagement observations and recommendations during the engagement or within a reasonable time period after the engagement results are communicated. Responses are more useful if they include sufficient information for the CAE to evaluate the adequacy and timeliness of proposed actions.
 - Receiving periodic updates from management to evaluate the status of its efforts to correct observations and/or implement recommendations.
 - Receiving and evaluating information from other organizational units assigned responsibility for follow-up or corrective actions.
 - Reporting to senior management and/or the board on the status of responses to engagement observations and recommendations.
