



POLICY TITLE: Follow Up to Management's Action Plan

Responsible Department: Audit and Compliance

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SUBMITTED BY (AUTHOR): Wendy Kemp

Title: Corporate Assistant Vice President, Audit

APPROVED BY: Beth Gillis

Title: Corporate Assistant Vice President, Compliance

APPROVED BY: Karen Brady

Title: Corporate Vice President and Chief Compliance Officer

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SUMMARY & PURPOSE:

The Institute of Internal Auditors International Professional Practices Framework provides standards for the audit function. According to those standards, a system must be established to monitor the disposition of audit results and recommendations. This policy sets forth the standards for follow-up procedures that assess the effectiveness of actions taken as a result of audit findings and recommendations.

POLICY:

It is our policy to maintain uniform procedures for monitoring management's implementation of the action plan designed to remediate deficiencies noted in the initial audit.

SCOPE/APPLICABILITY:

The Audit and Compliance Department and management of those areas within the scope of a particular audit.

PROCEDURES TO ENSURE COMPLIANCE:

An initial audit risk rating will be applied to each audit assignment based on the auditor's judgment of the significance of the findings or issues noted within. Overall audit rating definitions will be made available for the department.

The Audit and Compliance Department will perform follow up procedures to management's action plans (as included in the original audit) to ensure that the action plan has been implemented.

Follow up procedures will be based on deficiencies noted in the initial audit. Management's response to our findings will be considered in determining the extent of any follow up procedures.

A follow up risk rating may be applied to the results of the follow up procedures based on the initial audit. The rating assigned is determined from the status and effectiveness of management's implementation of the agreed upon action plan. The follow up rating definitions will be made available for the department.

All references to Policies must go to the BHSF Master Copy on the BHSF Intranet; do not rely on other versions / copies of the Policy.

Management is responsible for implementing the appropriate action required to remediate audit deficiencies. The following steps should be considered in addressing repeated failure by management to take corrective action:

1. Formally communicate to SMH senior management of the failure of management to follow through on their remediation plans included in the initial audit;
2. Determine with SMH senior management the corrective action and timeline;
3. Develop appropriate follow up procedures to verify that the corrective action has been taken; and/or
4. Advise executive management and the Compensation Committee when corrective actions are not taken by the entity's senior management.

SUPPORTING/REFERENCE DOCUMENTATION:

International Standards for the Professional Practice of Internal Auditing (Standards)

RELATED POLICIES, PROCEDURES, AND ASSOCIATED FORMS:

- BHSF Administrative Policy: 801 Department Responsibilities and Charter – Audit and Compliance
- BHSF Administrative Policy: 806 Distribution of Audit Reports – Audit and Compliance
- BHSF Administrative Policy: 811 Management's Response to Audit Findings

ENFORCEMENT & SANCTIONS:

Enforcement of this policy is the responsibility of the Audit and Compliance Department. Failure to comply with or report a violation of a compliance program policy can lead to disciplinary action up to and including termination.