



External Audit Monitoring and Coordination Procedure

1. Guiding Principles

This procedure sets out the arrangements for the monitoring and coordination of external audits. Audits are either internal or external audits. For information on the management of 'internal' audits please refer to the WA Country Health Service (WACHS) Internal Audit Management and Coordination Procedure.

External Audits are audits conducted by an overseeing body (i.e. the Office of the Auditor General, Public Sector Commission, etc.). For the purpose of this procedure are those audits primarily undertaken by the Office of the Auditor General (OAG).

WACHS obligations are to:

- provide, within a timely manner, any information, advice or explanation as requested
- provide any assistance necessary for the purposes of the audit
- comply with the WA Health 'Monitoring of External Reviews Policy (MP 009/16)

2. Reporting

Information on all external audits is tabled at WACHS Board, ARC and WACHS Executive meetings as part of the organisational governance process.

3. Procedure

This procedure relates to the management and coordination of external audits and the monitoring and reporting functions of the register of audit findings.

3.1 Primary WACHS Contact – Entrance to WACHS

The primary WACHS contact for all external audits is the Manager Audit as the nominated Chief Audit Executive (CAE). The CAE is to be informed of all external audits and their progress and outcomes.

External Audits undertaken by the OAG are initiated directly with the Chair of the WACHS Board as the Accountable Authority, advising of the review and requesting a contact person.

The Chief Executive (CE) is informed of the external audit and provides a copy of the notification to the Director, Office of the CEO and the Manager Audit, identifying the relevant responsible Executive member.

The Chair of Audit and Risk Committee (ARC) and the relevant Executive member(s), are informed of the audit.

The relevant Executive member nominates a contact for the audit (nominated contact). The nominated contact is responsible for overall co-ordination of the audit activity at the business level and the provision of management comments.

Information on audits with regional fieldwork is sent to the Regional Director who is to nominate a key regional contact for the audit. (Copy to the regional Director Business Services).

3.2 Audit Preliminary Planning

Requests for information to assist the OAG in preliminary audit planning to be directed through the Manager Audit informed of such requests.

The provision of information to assist the OAG is made through the Manager Audit – who is to maintain a record of information provided and appropriate approvals.

The Manager Audit is to arrange a pre-meeting with key WACHS contacts to discuss the internal management arrangements for the audit.

3.3 Audit Planning

Subject matter experts are identified by the respective area, for inclusion in the audit, as points of contact for the OAG.

An Entrance Meeting with the OAG is arranged to discuss the scope, plan, timetable and communication strategy for the audit. The meeting is to include respective Executive member(s), nominated contact/key regional contact, subject matter experts and the Manager Audit.

The Chair of the ARC (or nominee) is to be invited to Entrance Meetings for external audits.

3.4 Fieldwork

Audits will generally involve fieldwork focused on a particular region(s) or site(s), selected by the audit team. This will be advised at audit commencement. The nominated contact/ key regional contact is responsible for the management and coordination of audit activity during fieldwork.

During fieldwork the nominated contact/ key regional contact is to be kept informed of progress and emerging findings by the points of contact and the OAG. Information to be provided to the OAG is to be reviewed by the Nominated Contact/ key Regional contact prior to its release.

Regular progress updates and details of emerging findings are to be provided to the relevant Executive Director, Office of the CEO and the Manager Audit by the nominated contact. Emerging issues of significance and respective actions to address the issues are to be reported immediately.

Emerging issues of significance are to be communicated to the CE and Chair of the ARC, who are to advise the Board Chair.

End of Fieldwork meetings held with operational areas to discuss findings, are to include Executive member/Regional Director, nominated contact/ key regional contact, subject matter experts and the Manager Audit.

The nominated contact/ key regional contact is responsible for negotiations with the OAG about findings, the management and coordination of initial management action and developing written responses/actions to findings identified in end of fieldwork meetings. (refer - 5 Management Comment considerations)

Written responses are to be provided to the respective Executive member and the Manager Audit.

Where multiple operational areas have been included in an external audit, a corporate level meeting will be requested with the OAG at the conclusion of the fieldwork stage. The meeting is to include respective Executive member(s), nominated contacts/key regional contacts, key subject matter experts and the Manager Audit.

3.5 Reporting

3.5.1 Management Letters/Initial Findings Report.

Management Letters or Initial Findings Reports are provided to the Manager Audit by the OAG.

The Manager Audit informs the Executive member, CE and Chair of the ARC. Issues of significance are to be communicated to the Board Chair by the CE and Chair of ARC.

The Manager Audit is to agree the distribution of the Draft Management Letter/ Initial Findings Report with the respective Executive member, for the development of management responses.

The nominated contact/ key regional contact co-ordinates the preliminary management comments. (*WACHS Authorisations 10.1.01 RA 01.01¹*)

The nominated contact/ key regional contact is responsible for negotiations with the OAG.

A corporate level meeting will be requested with the external reviewer to discuss Draft Management Letter/ Initial Findings Report and preliminary response. The meeting is to include respective Executive member(s), nominated contact/ key regional contact, subject matter experts and the Manager Audit.

The nominated contact/key regional contact finalises the WACHS response to the Management Letter/ Initial Findings Report (see – 5 Management Comment considerations) and obtains the respective Executive endorsement of the response. (*WACHS Authorisations 10.1.01 RA 01.01*)

The endorsed response is provided to the Manager Audit.

¹ WACHS Authorisations 10.1.01 RA 01.01- Recommendations for Audit Sign Off – Tier 3

The Manager Audit provides via the Director, Office of the CE the endorsed response to the CE for approval (*WACHS Authorisations 10.1.02 RA 01.02*) and the Chair of the ARC.

CE approves all management comments and provides to Board Chair.

Once agreement is reached, the Manager Audit returns the completed report with management comments to the OAG.

The nominated contact/ key regional contact is responsible for negotiations with the OAG following provision of the response. The Manager Audit is to be kept informed of these negotiations.

3.5.2 Final Reporting

For Annual Financial Statement audits

The OAG provides its final audit opinion and findings in final management letter to Board Chair as Accountable Authority (copied to CE and Manager Audit) / at an exit interview with ARC/WACHS management.

The OAG provide audit opinion for inclusion in WACHS Annual Report, for tabling in Parliament by the Minister within 90 days of agency's end of financial year.

The OAG prepare summary report on the results of all audit opinions issued and issues identified for each audit cycle (Audit Results Reports).

Agencies named in Financial Statement Summary Report (FSSR) are presented with text for confirmation of facts and context.

The Manager Audit provides the FSSR to the respective Executive member, and nominated contact for the confirmation of facts and context.

The nominated contact finalises the WACHS response to the FSSR and obtains the respective Executives endorsement of the response. (*WACHS Authorisations 10.1.01 RA 01.01*)

For performance type audits

The OAG provides a Summary of Findings (SOF) report to the Manager Audit for confirmation of facts and context.

The Manager Audit provides the SOF to the respective Executive member, and nominated contact/ key regional contact for the confirmation of facts and context.

If required, a corporate level meeting will be requested with the OAG to discuss the SOF. The meeting is to include respective Executive member(s), nominated contact/ key regional contact and the Manager Audit.

The nominated contact finalises the WACHS response to the SOF and obtains the respective Executives endorsement of the response. (WACHS Authorisations 10.1.01 RA 01.01)

The endorsed response is provided to the Manager Audit.

The Manager Audit provides the endorsed response to the CE for approval, and the Chair of the ARC. (WACHS Authorisations 10.1.02 RA 01.02)

CE approves all management comments and provides to Board Chair. Once agreement is reached, the Manager Audit returns the completed report with final management comments to the OAG.

Final external audit reports are tabled by the Manager Audit at WACHS Board, ARC and the WACHS Executive meetings.

Approval is obtained from the CE by the Manager Audit for the final external audit reports to be made available via the [WACHS Intranet Page - Audit](#).

4. Management and Monitoring of Audit Findings

4.1 External Audit Findings – Register of audit findings

All findings for external audits are logged and recorded in the register of audit findings.

The register of audit findings lists the finding, the recommendation, management comment, responsible officer and the completion date - as identified in the report.

The reporting and tracking of the external audits are through the register of audit findings.

4.2 Tracking and Reporting of Management Actions

The WACHS Issue Tracking System (ITS) is used to manage and monitor the implementation of the agreed actions of the findings for external audits.

4.2.1 Assignment of Actions

Management actions to address findings are assigned by WACHS Audit, to the respective Executive (the responsible officer).

Management and monitoring of the timely implementation of the agreed management actions is the responsibility of the Responsible Officer.

The 'date follow up' and the 'due date to assigned' facilities are to be set in accordance to when progress comments are due to be provided by the responsible officer.

The due date set for the submission of the closure form and supporting evidence to be provided to request closure, must allow sufficient time (minimum of two weeks) to achieve the register of audit findings 'completion date'.

A copy of the final report is attached to all ITS issues to assist in completing assigned actions.

4.2.2 Request for Status of Actions

Progress updates are to be provided by Responsible Officer for all audit actions assigned via the ITS on a quarterly or as required basis, to ensure the regular and timely reporting of implementation progress to audit findings.

It is imperative that the progress comments are provided on time, as status reports are tabled on a monthly basis at the Audit and Risk Committee, WACHS Executive and WACHS Board meetings.

4.2.3 Requests for Extension of due date.

Requests for extension of due date are initiated by the officer with responsibility for implementation (Responsible Officer) and made via ITS using the Extension Request form, which is available on the WACHS Audit intranet page. The request must be submitted in sufficient time to allow for the appropriate approval to be obtained (minimum two weeks), to avoid the due date becoming overdue.

The request for extension must be supported by a business justification, with adequate and appropriate evidence and have appropriate approval. (*refer WACHS Authorisations 10.1.01 RA 01.01*)

NOTE: Failure to provide adequate evidence of action taken, may result in extension requests being declined.

If approved, Audit will amend the due date in the Register of audit findings and in ITS, attaching the approved form as evidence.

All extensions are reported on a monthly basis to the Audit and Risk Committee, WACHS Executive and WACHS Board meetings.

4.2.4 Closure and Approval

Requests for closure are initiated by the officer with responsibility for implementation (Responsible Officer) and via ITS made using the Closure Request form, which is available on the WACHS Audit intranet page. The request must be submitted in sufficient time to allow for the appropriate approval to be obtained, to avoid the due date becoming overdue.

The request must be supported by adequate and appropriate evidence and have appropriate approval (*WACHS Authorisations 10.1.01 RA 01.01*).

NOTE: Failure to provide adequate evidence of action taken, may result in action closure requests being declined.

If approved, Audit will record the closure in the Register of audit findings and in ITS, attaching the approved form as evidence.

All closures are reported on a monthly basis to the Audit and Risk Committee, WACHS Executive and WACHS Board meetings.

4.2.5 Closing out of External Audits Reports

Once agreed management actions have been completed for all findings/recommendations for an external audit, the Manager Audit is responsible for advising the CE and obtaining approval for audit report closure. (*WACHS Authorisations 10.1.02 RA 01.02*)

4.2.6 Reporting of External Audits to System Manager

The reporting of external audits shall be undertaken in accordance with the current WA health system [Monitoring of External Reviews Policy](#).

The Manager Audit prepares the required notification and obtains CE approval, before providing to System Manager.

5. Management Comment considerations

The review of the findings and recommendations, and the appropriate management comment is critical.

It is important to consider the sufficiency of proposed actions in addressing the audit finding as well as the recommendation, when constructing appropriate management responses.

Consideration is to be given to one of the three options below:

- **Accept the recommendation and the risk rating** – The recommendation is specific and warrants the risk rating determined by the reviewer. Prepare a management comment to reflect action recommendation and resolves the audit finding.
- **Accept the recommendation but not the risk rating** – The recommendation is specific however the risk to the organisation is amended. Prepare a management comment to build the case for amending the risk rating.
- **Do not accept the recommendation** - Prepare a management comment to build the case for not accepting the recommendation.

Consideration Needs

In preparing management comments, consideration needs to be given to the potential that audit findings identified in one region, may more or less, be the same in other regions.

Management comments are to be considered within an organisational context, and more often than not, are to be provided as a whole-of-organisation management comment with the ability to be applied at a regional level.

Organisational management comments are to focus on the action to be taken to resolve audit findings, and preferably not include descriptions, additional information on new issues.

6. Definitions

External Audit	<p>An audit conducted by an overseeing body (i.e. the Office of the Auditor General, Corruption and Crime Commission, Public Sector Commission, Ombudsman etc.); or reviews resulting from Ministerial Inquiries, Public Accounts Committee, etc. (as per the WA Health Monitoring of External Reviews Policy)</p> <p>External Audits for the purpose of this procedure are primarily those audits undertaken by the Office of the Auditor General (OAG).</p>
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7. Roles and Responsibilities

The primary contact for all external review assignments is the WACHS Manager Audit as the nominated Chief Audit Executive. The Manager Audit provides oversight of the external audit via the respective Executive.

The nominated contact/key regional contact is responsible for the overall coordination of audit activity at the business level and the provision of management comments.

8. Compliance

Failure to comply with this policy may constitute a breach of the WA Health Code of Conduct (Code). The Code is part of the [Employment Policy Framework](#) issued pursuant to section 26 of the [Health Services Act 2016](#) (HSA) and is binding on all WACHS staff which for this purpose includes trainees, students, volunteers, researchers, contractors for service (including all visiting health professionals and agency staff) and persons delivering training or education within WACHS.

WACHS staff are reminded that compliance with all policies is mandatory.

9. Evaluation

Monitoring of compliance with this document is to be carried out by achieving the target of the below agreed Key Performance Indicators:

WACHS Audit KPI 1: Number of reviews with overdue recommendations – Target: Zero

10. Standards

[International Professional Practices Framework - IIA-Australia](#)

[National Safety and Quality Health Care Standards](#) - Standard 1 Governance for Safety and Quality in Health Service Organisations

[EQulPNational Standards](#) - Standard 15 Corporate Systems and Safety

11. Legislation

[Health Services Act 2016](#)

[Financial Management Act 2006](#)

12. References

[WACHS Intranet – Audit Management](#)

13. Related Documents

WACHS Audit Risk Committee Terms of Reference

Internal Audit Charter

14. Related Policy Documents

WACHS [Audit Policy](#)

WACHS [Internal Audit Management and Coordination Procedure](#)

15. Related WA Health System Policies

[MP 0009/16 Monitoring of External Reviews Policy](#)

[WA Health Integrated Corporate and Clinical Risk Analysis Tables and Evaluation Criteria 2009 \(as amended 2011\)](#)

16. WA Health Policy Framework

[Risk, Compliance and Audit Policy Framework](#)

**This document can be made available in alternative formats
on request for a person with a disability**

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Diagram 1: External Audit Process

Process based on the 'The audit process' contained in the Office of the Auditor General Western Australia, Audit Practice Statement.2017

OAG Phase	Performance Audits / Information Systems Audits	Annual Financial Statement Audits	ARC Engagement
Planning: Office of the Auditor General (OAG) notifies agency of audit. OAG Entrance into WA Country Health Service (WACHS)	OAG notifies WACHS Board Chair (Accountable Authority) of audit - Informs the Chief Executive (CE) - CE provides copy of audit notification to the WACHS Chief Audit Executive (Manager Audit) - Relevant Executive notified of audit	- OAG notifies WACHS Board Chair (Accountable Authority) of audit - Informs the Chief Executive (CE) - CEO provides copy of audit notification to the WACHS Chief Audit Executive (Manager Audit) - Relevant Executive notified of audit	Chair of ARC notified of Audit
	Manager Audit arranges OAG Entrance Meeting with nominated functional area Executives and their nominated staff.	OAG Entrance Meeting - Discuss audit strategy and plan, timetable and estimated cost with agency's audit committee/management at entrance interview.	Chair of ARC notified/invitation.
Execution: OAG perform audit plan	OAG keep WACHS management and Manager Audit informed of progress and emerging findings. End of Fieldwork meetings with Functional areas. To include Corporate Executive and WACHS Audit. Negotiations between relevant functional area executives, their staff and the OAG about findings.	OAG keep WACHS management and Manager Audit informed of progress and emerging findings. End of Fieldwork meetings with Functional areas. To include Corporate Executive and WACHS Audit. Negotiations between relevant functional area executives, their staff and the OAG about findings.	ARC advised of progress and emerging findings.
	WACHS requests Corporate Level meeting with OAG at conclusion of Execution (fieldwork) stage		Chair of ARC notified / invitation.

OAG Phase	Performance Audits / Information Systems Audits	Annual Financial Statement Audits	ARC Engagement
<p>Agency Reporting: Conclude and Report OAG Reporting to WA Country Health Services</p> <p>14 days to respond to OAG written notifications</p>	<p>OAG provide indicative findings report (IFR) / Management Letter(ML) – to Manager Audit</p> <p>Manager Audit provides to appropriate area for development of responses.</p> <p>Manager Audit arranges meeting between the OAG and responsible functional area Executives and nominated staff to discuss IFR/ML findings.</p> <p>Functional areas negotiate with the OAG about findings and functional areas prepare management comments.</p> <p>Manager Audit provides CE with management comments for approval.</p> <p>CE approves all management comments and provides to Board Chair</p> <p>WACHS provide written comment to IFR/ML</p>	<p>OAG form audit opinion and report findings in draft management letter – to Manager Audit</p> <p>Manager Audit provides to appropriate area for development of responses.</p> <p>Manager Audit arranges meeting between the OAG and responsible functional area Executives and nominated staff to discuss draft management letter findings.</p> <p>Functional areas negotiate with the OAG about findings and functional areas prepare management comments.</p> <p>Manager Audit provides CE with management comments for approval.</p> <p>CE approves all management comments and provides to Board Chair</p> <p>WACHS provide written comment to draft management letter findings</p> <p>OAG form final audit opinion and report findings to in final management letter to Board Chair as Accountable Authority/ at an exit interview with ARC/management.</p>	<p>Chair of ARC advised of IFR/Management Letter</p> <p>Chair of ARC notified/ invitation.</p> <p>Chair of ARC advised of written response.</p> <p>Tabled at ARC Meeting/distributed out of session</p>

OAG Phase	Performance Audits / Information Systems Audits	Annual Financial Statement Audits	ARC Engagement
		<p>OAG provide audit opinion for inclusion in WACHS annual report, for tabling in Parliament by the Minister within 90 days of agency's end of financial year.</p> <p>OAG prepare summary report on the results of all audit opinions issued and issues identified for each audit cycle (Audit Results Reports).</p>	Chair of ARC advised
<p>Tabling in Parliament: OAG Procedural fairness review</p> <p>14 days to respond to OAG written notifications</p>	<p>Summary of Findings report presented to WACHS for confirmation of facts and context. – to Manager Audit</p> <p>Manager Audit distributes to appropriate area for development of responses.</p> <p>CE approves all management comments and provides to Board Chair</p> <p>WACHS provide written comment to Summary of findings report</p>	<p>Agencies named in Financial Statement summary report presented with text for confirmation of facts and context. – to Manager Audit</p> <p>Manager Audit distributes to appropriate area for development of responses.</p> <p>CE approves all management comments and provides to Board Chair</p> <p>WACHS provide written comment to Summary report</p>	<p>Chair of ARC advised</p> <p>Chair of ARC advised of written response.</p> <p>Tabled at ARC Meeting/distributed out of session</p>
Report to Parliament	OAG Table report in Parliament.	<p>OAG table Audit Results Report in Parliament.</p> <p>This is a summary of the results of all audit opinions issued for each audit cycle.</p>	

Audit Phase	Audit Procedure	Approvals/ Endorsements	Document	WACHS Committee Engagement
<p>Management and Monitoring of Audit Findings</p>	<p>All external (OAG) audit findings are logged and recorded in the register of audit findings.</p> <p>Management actions to address findings are assigned by WACHS Audit in the register of audit findings and in ITS, to the relevant WACHS Executive Member</p> <p>Progress update provided for all audit actions assigned via the ITS, to ensure the regular and timely reporting of implementation progress to audit findings</p> <p>Requests for the extension of due date are initiated by the officer with responsibility for implementation (Responsible Officer) and made using the Extension Request form.</p> <p>The request must be submitted in sufficient time to allow for the appropriate approval to be obtained (minimum two weeks), to avoid the due date becoming overdue.</p>	<ul style="list-style-type: none"> · Ref WACHS Authorisations 	<ul style="list-style-type: none"> · Extension Request Form 	<p>Progress reports on audit findings provided to the Audit and Risk Committee, WACHS Executive and WACHS Board meetings on a monthly basis.</p> <p>All extensions are reported to the Audit and Risk Committee, WACHS Executive and WACHS Board meetings on a monthly basis.</p>

Audit Phase	Audit Procedure	Approvals/ Endorsements	Document	WACHS Committee Engagement
<p>Management and Monitoring of Audit Findings <i>Continued</i></p>	<p>The request for extension must be supported by a business justification, with adequate and appropriate evidence and have appropriate approval. (WACHS Authorisations)</p> <p>If approved, Audit will amend the due date in the Register of audit findings and in ITS, attaching the approved form as evidence.</p> <p>Requests for closure is initiated by the officer with responsibility for implementation (Responsible Officer) and made using the Closure Request form.</p> <p>The request must be submitted in sufficient time to allow for the appropriate approval to be obtained (minimum two weeks), to avoid the due date becoming overdue.</p> <p>The request must be supported by adequate and appropriate evidence and have appropriate approval (WACHS Authorisations 10).</p> <p>If approved, Audit will record the closure in the Register of audit findings and in ITS, attaching the approved form as evidence.</p>	<p>· Ref WACHS Authorisations</p>	<p>· Closure Request Form</p>	<p>All closures are reported to the Audit and Risk Committee, WACHS Executive and WACHS Board meetings on a monthly basis.</p>

Audit Phase	Audit Procedure	Approvals/ Endorsements	Document	WACHS Committee Engagement
Management and Monitoring of Audit Findings <i>Continued</i>	Closing out of Internal Audits Once agreed management actions have been completed for all findings/recommendations for an internal audit, the Manager Audit is responsible for advising the CE and obtaining approval for audit report closure. (WACHS Authorisations 10.1.02 RA 01.02)	<ul style="list-style-type: none"> • Chief Executive (CE) approval of audit closure 	Briefing Note: Audit Closure	