



## Internal Audit Management and Coordination Procedure

### 1. Guiding Principles

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

Internal Audits for the purpose of this procedure are those audits undertaken by WACHS Audit resources or those contracted out to suitably skilled audit service providers primarily under the applicable CUA.

Internal audits primarily provide assurance on:

- compliance to legislation, policy, standards, guidelines and other relevant requirements
- safeguarding of assets
- management of risks and the assessment of the adequacy of the governance framework
- efficiency and effectiveness of operations
- integrity of information and reporting.

Internal Audits are planned by the organisation giving consideration to its strategic and significant risks through the development and maintenance of the WACHS Five (5) Year Strategic Audit Plan (SAP). Annual Audit Plan (AAP) detail the priority in which audits are to be completed on an annual basis. The SAP and AAP are approved by the WACHS Board.

WACHS obligations are to:

- comply with the WA health system [Internal Audit Policy](#)
- provide, within a timely manner, any information, advice or explanation as requested by audit
- provide assistance where necessary for the purposes of audit.

The *Financial Management Act 2006* requires WACHS to establish and maintain an effective internal audit function.

The WACHS audit function is established within Assurance and Project Support, Office of the Chief Executive and provides independent, objective, timely and useful information to management in regard to:

- the adequacy of, and compliance with, the system of internal control
- the consistency of organisational results with established objectives
- whether operations or programs are being carried out as planned
- ensuring the accountable authority receives relevant and timely advice on the entities governance, risk and control frameworks and its external accountability obligations from an independent Audit and Risk Committee with appropriate expertise.

### 2. Reporting

Information on all internal 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 internal audits and the monitoring and reporting of audit findings.

#### 3.1 Audit Coordination and Management

The primary WACHS contact for all internal audits is the Manager Audit as the nominated Chief Audit Executive (CAE). The CAE is to be contacted in the first instance for progress updates and information relating to internal audits.

#### 3.2 Audit Initiation

The Manager Audit contacts the relevant Project Sponsor/Executive Member as identified in the SAP/AAP to discuss the audit. An initial high level audit scope is provided to the Project Sponsor/Executive Member for information on the planned audit.

The relevant Project Sponsor/Executive Member nominates a contact person for the audit (nominated contact). The nominated contact is responsible for overall coordination of the audit at the operational level and for the provision of management responses to issues that may be identified by the audit.

Audits will generally involve fieldwork focused on a particular region(s) or site(s), selected by the audit team. Regional Directors are to be informed of the audit initiation and nominate a key regional contact for the audit. (Copy to the regional Director of Business Services)

#### 3.3 Audit Planning

Audit schedules initial planning meeting with the nominated contact and other relevant staff to discuss the audit, the development of the audit scope, and the activities relevant to the audit's planning phase.

Subject matter experts are identified by the respective area, for participation in the audit, and to act as points of contact for the auditors.

The audit scope is developed by Audit in consultation with the nominated contact, relevant WACHS Central Office and Regional staff and subject matter experts.

Requests for information to assist with audit planning are directed through the nominated contact/key regional contact.

Once drafted, the audit scope requires the Project Sponsor/Executive member endorsement, prior to submission to the Chief Executive (CE) for approval.

Audit scopes are to be tabled at the next available WACHS Executive, WACHS Audit and Risk Committee and the WACHS Board meetings.

On approval of the audit scope document by the CE, an Audit Engagement Notification containing information relating to the audit is sent by the Manager Audit, to the relevant functional Area Executive, Regional Director and Regional Director of Business Services and nominated contact(s).

Internal audits contracted out to suitably skilled audit service providers primarily under the CUA 23706, are initiated and awarded upon approval by the CE. The Manager Audit remains the main contact person for all contracted audits.

Where audits have been contracted out, requests for information may come directly from the audit service provider to the nominated contact/key regional contact.

An Entrance Meeting is arranged to discuss the audit scope, plan, timetable and communication strategy. The meeting is to include respective Project Sponsor/Executive member, nominated contact, key regional contact, subject matter experts the Director, Office of the CEO and the Manager Audit/Audit team. The audit service provider will attend, where the audit has been contracted out.

### 3.4 Fieldwork

The nominated contact/key regional contact is responsible for the management and coordination of audit activity at the operational level during the fieldwork stage. Any relevant information to be provided to the auditor is first reviewed by the nominated contact/ key regional contact prior to its release. This ensures the information provided is both relevant and sufficient to the audit request. Failure to provide appropriate information upon request is both a breach of the *Internal Audit Charter* and may result in increased audit findings where evidence of compliance cannot be verified.

During fieldwork, the nominated contact/key regional contact is kept informed of audit progress and emerging findings, by the local point of contact and the auditor through regular progress updates.

Emerging issues of significance are to be immediately reported to the relevant Project Sponsor/Executive member Director, Office of the CEO and Manager Audit. Respective actions to address issues identified are to be communicated at that time. Emerging issues of significance (significant risks) are communicated to the CE and Chair of the Audit and Risk Committee, who are to advise the Board Chair as the Accountable Authority.

At the conclusion of an on-site visit, a meeting is held with the operational area to discuss initial audit outcomes.

A summary of audit findings/discussion draft is to be provided post fieldwork, to the nominated/key regional contact for discussion and clarification of any area of misunderstanding as part of the audit exit process.

For contracted audits, the summary of initial audit findings is provided via the Manager Audit.

Audit exit process may be facilitated through electronic communication (email) or a formal Exit Meeting. Exit meetings are conducted between WACHS Audit, contracted auditors (if applicable), Sponsor/Executive member, Director, Office of the CEO and nominated contact/key regional contact.

The nominated contact/ key regional contact is responsible for negotiation and confirmation of audit findings with the auditor, within an agreed timeframe

### 3.5 Reporting

#### 3.5.1 Draft Audit Report

A formal Draft Audit Report is prepared which is subject to Manager Audit review and approval (Copy to Director, Office of CE) before distribution to the respective Project Sponsor/Executive member.

The Project Sponsor/Executive member arranges for the provision of management comment in the response sections of the Draft Audit Report, within the allocated timeframe.

The nominated contact is responsible for co-ordinating the response and any necessary further discussion/clarification with Audit prior to the return of management comments, particularly where potential non-acceptance of reported findings/recommendations exist. (Refer – 5. Internal Audit Management Comment considerations.)

Regional management responses are to be approved by the respective Regional Director. (*WACHS Authorisations 10.1.01 RA 01.01*)

The Nominated contact finalises the response to the Draft Audit Report and returns the report to Manager Audit.

A meeting may be requested by the Manager Audit to discuss management responses provided. The meeting is to include respective Project Sponsor/Executive member, nominated contact/ key regional contact. The meeting is also to include the contracted auditor, if applicable.

The Manager Audit obtains endorsement of the response by the Project Sponsor/Executive member through sign off of the 'Approval of Management Comments' section of the draft report. (*WACHS Authorisations 10.1.01 RA 01.01*)

The Manager Audit provides via the Director, Office of the CE, a briefing note to the CE to obtain approval of the endorsed formal Draft Audit Report for finalisation and distribution. (*WACHS Authorisations 10.1.02 RA 01.02*)

### 3.5.2 Final Reporting

The report is 'finalised' once CE approval of the formal Draft Report has been obtained.

The Manager Audit issues the Final Audit Report to the Project Sponsor/Executive member and appropriate Regional Directors.

Final Audit Reports are tabled by the CAE at WACHS Board, Audit and Risk Committee and the WACHS Executive meetings.

For contracted audits, the Manager Audit provides the approved Final Audit Report to the contracted audit service provider for records.

Following distribution - the Manager Audit seeks approval from the CE to publish the Final Report on the [WACHS Intranet Page - Audit](#).

## 4. Management and Monitoring of Audit Findings

### 4.1 Internal Audit – Register of audit findings

All internal audit findings are logged and recorded in the register of audit findings. The register of audit findings lists the finding, the recommendation, management response/action, responsible officer/ WACHS Executive Member and the completion date as identified in the Final Report.

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

The Manger Audit is responsible for providing progress reports on audit findings to the Audit and Risk Committee, WACHS Executive and WACHS Board meetings on a monthly basis.

### 4.2 Tracking and Reporting of Management Actions

The WACHS Issue Tracking System (ITS) is used to monitor the implementation of the agreed actions of internal audit findings.

#### 4.2.1 Assignment of Actions

Management actions to address findings are assigned by WACHS Audit in the register of audit findings and in the ITS, to the relevant WACHS Executive Member. WACHS Audit also identifies the Governance and Responsible Officers for the management and monitoring of the timely implementation of the agreed management actions.

The 'date of follow up' and the 'due date to assigned' sections are to be set in accordance to when progress comments are due to be provided.

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 Audit Report is attached to all ITS issues to assist in completing assigned actions.

### 4.2.2 Reporting of Status of Actions

Progress updates are to be provided by Responsible Officers 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 of Actions.

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 of Actions

Requests for closure are initiated by the officer with responsibility for implementation (Responsible Officer) and made via ITS 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 (*refer 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 Internal Audit Reports

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*)

## 5. Internal Audit Management Comment Considerations

The review of the findings and recommendations, and the adequacy of management responses 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 resolution of 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 a case for amending the risk rating with appropriate evidence.
- **Do not accept the recommendation** - Prepare a management comment to build a case for not accepting the audit 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

<b>Internal Audit</b>	<p>“An independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.</p> <p>Source: <i>International Professional Practices Framework (IPPF)</i>, The Institute of Internal Auditors Research Foundation.</p>
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## 7. Roles and Responsibilities

The primary contact for all internal audit activity is the WACHS Manager Audit as the nominated Chief Audit Executive. The Manager Audit provides oversight of internal audits via the respective Executive.

The nominated contact is responsible for the overall co-ordination of audit activity at the business level and the provision of management comments.

The respective regional contact is the key regional contact for management and coordination of all regional audit activity.

## 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.

Contracted auditors are bound by the same policy frameworks and requirements while undertaking audit work on behalf of WACHS.

## 9. Evaluation

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

WACHS Audit KPI 1: Number of audits 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 (ToR)

WACHS Internal Audit Charter

## 14. Related Policy Documents

WACHS [Audit Policy](#)

WACHS [External Audit Monitoring and Coordination Procedure](#)

## 15. Related WA Health Policies

[MP 0008/16 Internal Audit 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**

<b>Contact:</b>	WACHS Manager Audit (D. Davis)		
<b>Directorate:</b>	Office of the CE	<b>TRIM Record #</b>	ED-CO-17-2414
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**Diagram 1: Internal Audit Process**

Audit Phase	Audit Procedure	Approvals/ Endorsements	Document	WACHS Committee Engagement
<b>Initiation</b>	<p>Manager Audit notifies WACHS Project Sponsor/Executive Member of audit.</p> <p>Project Sponsor/Executive Member nominates a contact person for the audit (nominated contact).</p> <p>Regional Directors are informed of the audit initiation and nominate a key regional contact for the audit. (Copy to the regional Director of Business Services)</p>		<ul style="list-style-type: none"> <li>• High Level Audit Scope</li> </ul>	<p>Commencement of audit planning noted in standing Audit Agenda Papers for :</p> <ul style="list-style-type: none"> <li>• WACHS Board</li> <li>• Audit and Risk Committee</li> <li>• WACHS Executive</li> </ul>
<b>Planning</b>	<p>Audit schedules initial planning meeting with the nominated contact.</p> <p>The audit scope is developed by audit in consultation with the nominated contact and relevant WACHS Central Office and Regional staff and subject matter experts.</p> <p>Requests for information to assist with audit planning are initially directed through the nominated contact/key regional contact.</p> <p>Project Sponsor/Executive member endorsement of draft audit scope.</p> <p>Chief Executive (CE) approval of scope.</p> <p>On scope approval Audit Engagement Notification is issued to Business Area, Regional Director and the Regional Director of Business Services.</p> <p>Manager Audit arranges Entrance Meeting with nominated functional area Executives and their nominated staff.</p>	<ul style="list-style-type: none"> <li>• Project Sponsor/ Executive member endorsement of draft audit scope.</li> <li>• Chief Executive (CE) approval of scope</li> </ul>	<ul style="list-style-type: none"> <li>• Draft Audit Scoping Document</li> <li>• Briefing Note: Approval of Audit Scope</li> <li>• Approved Scoping Document</li> <li>• Audit Engagement Notification</li> </ul>	<p>Audit scopes tabled at:</p> <ul style="list-style-type: none"> <li>• WACHS Board</li> <li>• Audit and Risk Committee</li> <li>• WACHS Executive</li> </ul>

Audit Phase	Audit Procedure	Approvals/ Endorsements	Document	WACHS Committee Engagement
<p><b>Execution (Fieldwork)</b></p>	<p>Audit perform the audit test program.</p> <p>The nominated/key regional contact is responsible for the management and coordination of audit activity at the functional level during the fieldwork stage.</p> <p>Nominated contact /key regional contact is kept informed of audit progress and emerging findings.</p> <p>Emerging issues of significance are immediately reported to the relevant Project Sponsor/Executive member</p> <p>End of Fieldwork meetings with operational areas, as required.</p> <p>Audit provides a summary of audit findings/discussion draft is to be provided post Audit fieldwork, to the nominated contact/key regional contact for discussion.</p> <p>Exit process negotiations between relevant functional area executives, their staff and Audit.</p> <p>Nominated Contact/ regional contact is responsible for negotiation and confirmation of audit findings with the auditor, within agreed timeframe.</p> <p>Exit meetings are conducted between Audit, contracted auditors (if applicable), Sponsor/Executive member, Nominated/ key regional contact.</p>		<ul style="list-style-type: none"> <li>• Summary of Audit Findings</li> </ul>	<p>Progress of audit noted in standing Audit Agenda Papers for :</p> <ul style="list-style-type: none"> <li>• WACHS Board</li> <li>• Audit and Risk Committee</li> <li>• WACHS Executive</li> </ul> <p><i>Emerging issues of significance (significant risks) are communicated to the CE and Chair of the Audit and Risk Committee, who are to advise the Board Chair as the Accountable Authority.</i></p>

Audit Phase	Audit Procedure	Approvals/ Endorsements	Document	WACHS Committee Engagement
<p><b>Reporting: Draft and Final</b></p>	<p>Audit provides draft audit report Project to Sponsor/Executive member</p> <p>Project Sponsor/Executive member arranges for the provision of management comment in response sections of the Draft Audit Report, within the allocated timeframe.</p> <p>Regional management responses are to be approved by the respective Regional Director.</p> <p>Further discussion/clarification with Audit prior to the return of management comments.</p> <p>The Nominated contact finalises the response to the Draft Audit Report and returns the report to Manager Audit.</p> <p>The Manager Audit obtains endorsement of the response by the Project Sponsor/Executive</p> <p>The Manager Audit provides a briefing note to the CE to obtain approval of the endorsed formal Draft Audit Report for finalisation and distribution</p> <p>Manager Audit provides CE with management comments for approval.</p> <p>CE approves all management comments.</p>	<ul style="list-style-type: none"> <li>• Regional Director. Approval of Regional management responses Project</li> <li>• Sponsor/ Executive member endorsement of draft audit report management response</li> <li>• Chief Executive (CE) approval of audit report.</li> </ul>	<ul style="list-style-type: none"> <li>• Draft Audit Report</li> <li>• Briefing Note: Approval of Draft Audit Report</li> </ul>	<p>Audit report tabled at:</p> <ul style="list-style-type: none"> <li>• WACHS Board</li> <li>• Audit and Risk Committee</li> <li>• WACHS Executive</li> </ul>
	<p>Final Audit Report is issued to the Project Sponsor/Executive member and appropriate Regional Directors, by the Manager Audit.</p>		<p>Final Audit Report</p>	

Audit Phase	Audit Procedure	Approvals/ Endorsements	Document	WACHS Committee Engagement
<p><b>Management and Monitoring of Audit Findings</b></p>	<p>All internal 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><b>Requests for the extension of due date</b> are initiated by the officer with responsibility for implementation (Responsible Officer) and made via ITS 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> <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><b>Requests for closure</b> are initiated by the officer with responsibility for implementation (Responsible Officer) and made via ITS using the Closure Request form.</p> <p>The request must be supported by adequate and appropriate evidence and have (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>	<ul style="list-style-type: none"> <li>• Ref WACHS Authorisations</li> <li>• Ref WACHS Authorisations</li> </ul>	<ul style="list-style-type: none"> <li>• Extension Request Form</li> <li>• Closure Request Form</li> </ul>	<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> <p>All closures are reported to the Audit and Risk Committee, WACHS Executive and WACHS Board meetings on a monthly basis.</p>

## WACHS Internal Audit Monitoring and Coordination Procedure

Audit Phase	Audit Procedure	Approvals/ Endorsements	Document	WACHS Committee Engagement
	<p><b>Closing out of Internal Audits</b></p> <p>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)</p>	<ul style="list-style-type: none"> <li>• Chief Executive (CE) approval of audit closure</li> </ul>	<ul style="list-style-type: none"> <li>• Briefing Note: Audit Closure</li> </ul>	