



Procedure Title	Audit Matrix Business Rules
Procedure Category	Operational
Number & Version	SVC-GOV-PR-074-01
Procedure Owner	Governance and Risk
Approval by	CEO
Effective date	
Date for review	September 2021

1 PROCEDURE STATEMENT

In alignment with the Snowy Valleys Council (Council) *Community Strategic Plan*, the *Audit Matrix Business Rules* demonstrates strong leadership through a governance framework which drives progress towards achieving the community vision.

2 PROCEDURE PURPOSE

The purpose of the *Audit Matrix Business Rules* is to outline the manner in which Council will manage internal and external audit findings. This procedure is to support the *Internal Audit Charter*, which is essential to ensure that any emerging problems are identified and rectified quickly before their consequences escalate and risks materialise.

Council is committed to identifying and managing risks in order to increase organisational effectiveness and to provide confidence to the community.

3 DEFINITIONS

ARIC	Audit, Risk and Improvement Committee (advisory committee of Council)
Head of Internal Audit	The Coordinator Governance and Risk, is the designated Head of Internal Audit for Council.
SRQ	Safety, Risk and Quality Committee (operational committee of Council which has been established as a sub-committee of the Executive Leadership Team)

4 AUDIT MATRIX MONITORING AND REPORTING

Where possible, Council requires all audits including internal and external to use the Councils risk matrix as per the *Risk Management Policy* and *Enterprise Risk Management Framework*.

4.1 Final Audit Reports

After the completion of an audit review, Council receives a final report for both internal and external audits. These final reports outline findings (issues) identified during the audit engagement. For each finding identified, the following information is required:

- recommendation
- risk rating (preferably in alignment with Councils risk matrix)
- formal management response
- responsible officer
- due date for implementation of agreed management action(s)

4.2 Approval of Recommendations

The final reports are presented to ARIC for examination and discussion. If satisfied with the management responses and times frames, the recommendations, responsible officer and due dates are approved to be added to the *Audit Matrix*.

4.3 Audit Matrix

Internal and external audit recommendations are contained within the Pulse Risk Register software. Where audit recommendations require a treatment plan the associated tasks will be entered into Pulse. Pulse will send automated notifications to responsible officers advising of the tasks that are assigned to the individual.

4.4 Monitoring and Reporting

Recommendations requiring treatments, in accordance with Councils risk matrix, will require appropriate treatment plans to be developed, monitored and reported.

Risks identified that do not required treatment plans, will be noted, entered and archived.

The *Audit Matrix* will be monitored and reported at least quarterly by Governance to SRQ. This involves the responsible officer providing comments and updates to ensure that the *Audit Matrix* remains up to date and those requiring treatment are being actioned.

Any foreseeable difficulties implementing any recommendations within the nominated time frame should be advised immediately to the Head of Internal Audit stating the cause of delay.

4.5 Quarterly Report to SRQ

The Head of Internal Audit will report quarterly on the *Audit Matrix*. Report to include:

- Audit Matrix
- Progress made implementing actions by responsible officer (risk owner)
- Due date for implementation of agreed management action
- Number of days overdue

- Any foreseeable difficulties implementing the recommendations brought to the attention of the Head of Internal Audit

4.6 Outstanding Audit Matrix Recommendations Reports

Extensions will not be granted for audit matrix recommendation due dates. Instead each recommendation will be reported as number of days overdue.

- Above Councils Risk Tolerance

If the action has a high or extreme risk rating and becomes overdue, a report will be presented to the quarterly SRQ meeting. The report will be written by the responsible officer and contain information on why the action is overdue, what are the problems encountered, how the requirements of this action now can be met. The responsible officer will also be expected to attend the meeting to present the report.

- Within Councils Risk Tolerance

If an action with a risk rating of Medium or below becomes overdue, then a report is expected to be written to the SRQ of the progress of the implementation outlining progress to meeting the requirements, problems encountered and necessary steps that are needed to reach completion.

Quarterly Report to ARIC

The Head of Internal Audit will report quarterly on the Audit Matrix. Report to include:

- Statistics regarding current number of audit recommendations
- Recommendations that require closure
- Recommendations that require amendment
- Any reports received by SRQ regarding outstanding audit matrix recommendations

5 RESPONSIBILITIES/ACCOUNTABILITIES

Group/ Officer	Responsibilities
Audit, Risk and Improvement Committee (ARIC)	Review all audit reports and consider significant issues identified in audit reports and action taken on findings/issues raised. Monitor the implementation of audit recommendations by management
Executive Leadership Team	The ELT is responsible for effective and timely action and responses on all audit recommendations.
Safety, Risk & Quality Committee	The sub-committee of the ELT responsible for monitoring the progress of all audit recommendation tasks, report to the ELT and the ARIC.
Head of Internal Audit	Reporting quarterly to the SRQ and ARIC on the progress made implementing actions and recommendations from past internal and external audits. In addition reporting any foreseeable difficulties implementing the recommendations brought to the attention of the Head of Internal Audit
Responsible Officers	Implementing and reporting on recommendations by the required

Group/ Officer	Responsibilities
	timeframes as referred from the ARIC committee. Reporting on outstanding audit matrix recommendations.

6 ASSOCIATED LEGISLATION

Office Local Government Internal Audit Guidelines September 2010

7 ASSOCIATED COUNCIL DOCUMENTS

Internal Audit Charter SVC-GOV-PR-058
 Risk Management Policy SVC-RM-PO-003
 Enterprise Risk Management Framework SVC-RM-Pln-002
 SRQ Terms of Reference SVC-TofR-005
 ARIC Terms of Reference SVC-TofR-006

8 HISTORY

Date	Action	Name	Procedure Number	Resolution Date	Resolution Number