

Audit Action Tracking Software December 2021

Monitoring Progress

The *International Standards for the Professional Practice of Internal Auditing* (The Standards) require the Chief Audit Executive to monitor agreed actions arising from internal audit reviews until they are appropriately completed:

Standard 2500 – Monitoring Progress

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

2500.A1- The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

(International Internal Auditing Standards Board, 2016)

The Chief Audit Executive is an internal officer of the organisation who reports on these matters to the board audit committee (or equivalent).

The Institute of Internal Auditors – Australia surveyed Chief Audit Executives (CAEs) to explore the mechanisms by which follow-up activities were recorded. 57 responses were received across a wide section of the economy (Exhibit 1).

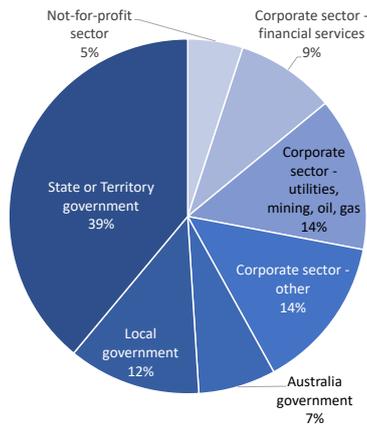


Exhibit 1 – Economic sector of respondents

All of these organisations have used IT to support their follow up process. While Microsoft Excel is still widely used for recording and/or reporting, a majority of organisations have acquired or built specialised software for the purpose (Exhibit 2).

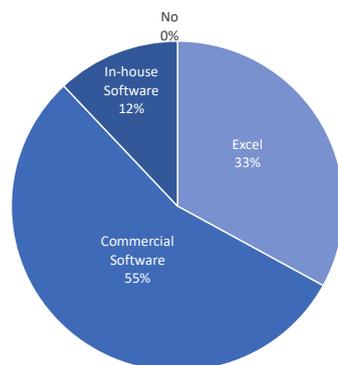


Exhibit 2 – Nature of software used to support the follow-up process

Use of Excel

While 33% of respondents use Excel, the bulk of them regard it as only a partially effective solution for the follow-up of recommendations (Exhibit 3) and it is not generally regarded as an easily usable tool (Exhibit 4).

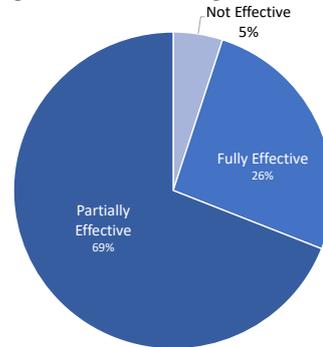


Exhibit 3 – Effectiveness as a solution (Excel)

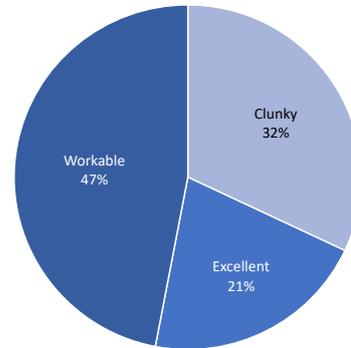


Exhibit 4 – Useability (Excel)

Commercial Off-the Shelf (COTS) Solutions

A wide range of commercial packages are in use amongst the respondents. None is as widely used as Excel but four packages make up most of those reported as being used (Exhibit 5). The percentages are a proportion of the respondent population.

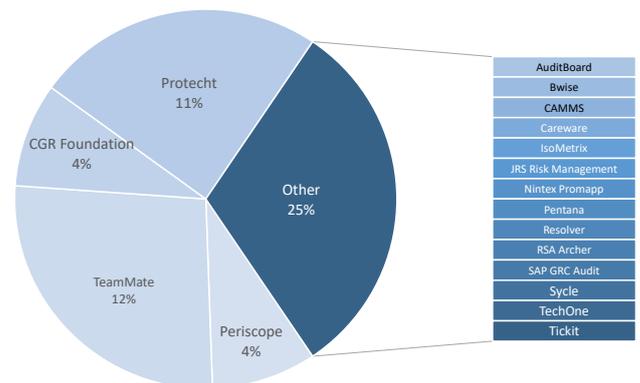


Exhibit 5 – COTS Audit Tracking Software

There was insufficient reporting from the users of any given package to make meaningful comment about the qualities of individual performance. Nevertheless, overall the respondents report that COTS solutions are effective (Exhibit 6) even if their usability sometimes leaves something to be desired (Exhibit 7).

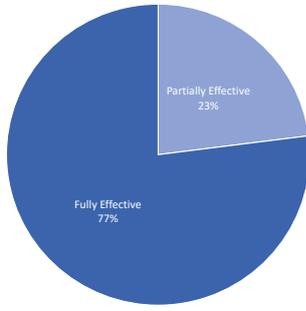


Exhibit 6 – Effectiveness as a solution (COTS)

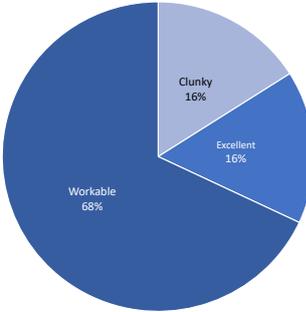


Exhibit 7 – Useability (COTS)

In-house developed (bespoke) Solutions

A small number (12%) of respondent CAEs report that they are using a bespoke solution to manage internal audit follow-up. More than half of these solutions are built on Microsoft SharePoint. Perhaps it is unsurprising that the CAEs who reported using bespoke solutions are generally happy with the performance of their solutions. All regard the solution as “fully effective” and just under half classified usability as “excellent”. None of these respondents rated usability as “clunky”.

Shared Reporting Platform

80% of respondents report that they share the follow-up reporting platform with other assurance providers. This is 50% of those who use Excel, 94% of those who use a COTS package and all (100%) of those who use a bespoke solution. Most commonly, the platform is used to manage the representations of the external auditor, but, as Exhibit 8 shows, a wide range of assurance activities may be included.

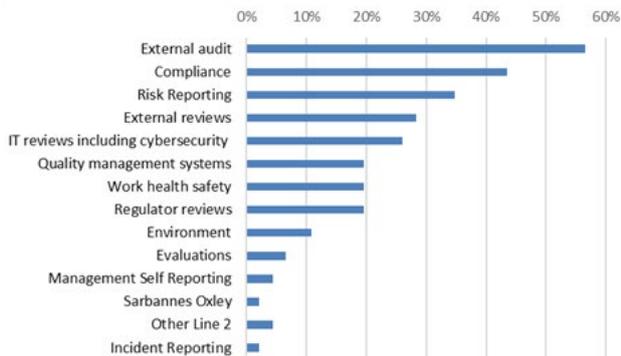


Exhibit 8 - Users sharing the follow-up platform with Internal Audit

Conclusion

The complexity and recurring nature of internal audit follow-up requires technology support to make it manageable. While the bulk of respondent organisations are using a commercial off-the-shelf solution there is a significant proportion of organisations that are using Microsoft Excel or an application built in Excel. Applications built on Microsoft SharePoint are strongly represented amongst bespoke solutions.

There is a strong pattern of sharing follow-up support processes with other assurance functions – most particularly in the follow-up of recommendations of the external auditor.

Useful References

International Internal Auditing Standards Board. (2016). *International Standards for the Professional Practice of Internal Auditing*. Lake Mary, FL, USA: Internal Audit Foundation. Retrieved from <https://global.theiia.org/standards-guidance/mandatory-guidance/Pages/Standards.aspx>