



## Audit finding resolution – It does an agency good

- **Embracing audits as opportunities for improvement indicates a strong control environment.**
- **Establishing a formal audit remediation framework helps make the best use of audit results.**
- **MMB has issued a new operating policy & procedure for OLA audit report monitoring.**

Audits promote organizational health. Audits, like trips to the dentist, can be either good or bad experiences. If one follows prescribed dental hygiene practices and the advice received at previous dental appointments, the checkup will most likely be a positive experience. A good visit confirms your teeth are healthy and your dental habits are decreasing the risks of serious problems.

Likewise, if an agency has a sound internal control structure and resolves prior audit issues promptly, a subsequent audit can be a positive event. A good audit confirms that your agency's internal controls are working to decrease the risk of serious problems, such as unrealized objectives, fraud, waste, and abuse. On the other hand, failure to follow the advice of your auditor (or dental professional) may result in significant corrective actions, additional expense, and more frequent future visits.

Making timely and practical use of audit results is a key part of an agency's internal control system. An organizational culture where employees view audits as opportunities to improve internal controls and correct weaknesses is an indication of a strong control environment. Even if management does not agree with specific audit recommendations, it should embrace the opportunity to review and reassess the related processes and consider what changes, if any, should be made.

Converting findings and recommendations into action plans for internal control and process improvement should be a prompt reaction to any audit. The following is a framework for the effective use of audit results:

- Agency employees engage in conversation with the auditors to verify that they

thoroughly understand the audit issues.

- Senior management assumes ultimate responsibility for audit finding resolution.
- Corrective action plans are documented, including detailed action steps, person(s) responsible for implementation, timeframes for resolution (including benchmarks for larger projects), and measurable indicators of compliance and resolution.
- Management shows commitment to resolve audit findings and improve internal controls, including deploying sufficient resources for remediation and monitoring.
- Senior management and applicable oversight bodies receive progress reports on the status of outstanding audit issues.
- Corrective actions are monitored after findings are considered resolved, to ensure that changes continue to be effective.

Following this framework should result in a more positive future audit experience for your agency.

*Suggested Action Steps:* MMB has issued a new policy, Operating Policy & Procedure 0102-02, *OLA Audit Report Monitoring*. The policy requires quarterly review and reporting of all unresolved OLA audit findings. Familiarize yourself with the new policy and ensure that your agency has a formal framework in place for addressing and resolving audit findings.

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