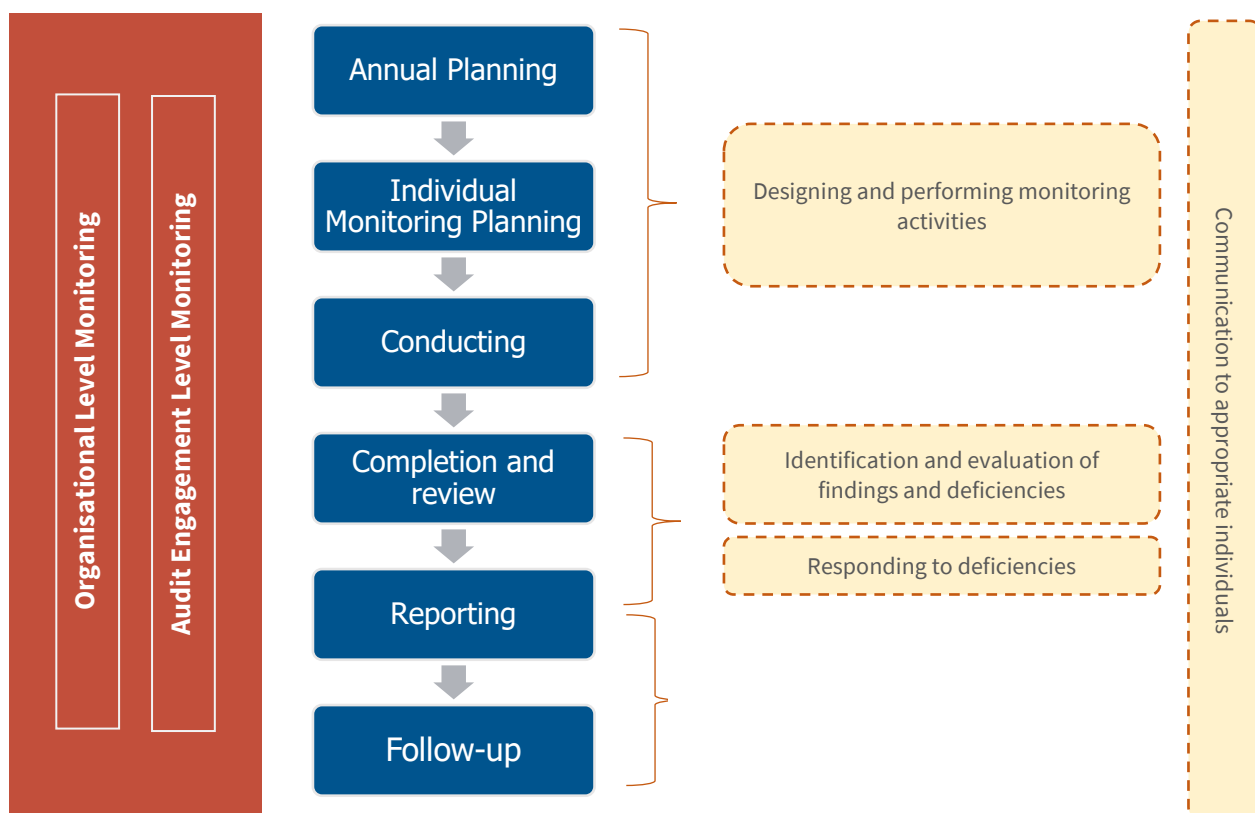# GUIDANCE 6: MONITORING AND REMEDIATION PROCESS

Both monitoring at the organisational level (SoAQM as a whole) and engagement level (review of audits) follow the same general process from planning to follow-up. The details of each stage are discussed in the succeeding pages.

Organisational Level Monitoring

Audit Engagement Level Monitoring

Annual Planning

↓

Individual Monitoring Planning

↓

Conducting

↓

Completion and review

↓

Reporting

↓

Follow-up

Designing and performing monitoring activities

Identification and evaluation of findings and deficiencies

Responding to deficiencies

Communication to appropriate individuals

Annual Planning

1

Prior to the conduct of individual monitoring, which requires planning at the engagement level, the monitoring team needs to prepare an annual plan which should be approved by the Head of SAI. This plan sets the targets and scope of the monitoring for a particular period. The manager, team leaders and members should hold an annual meeting to determine the nature, timing and extent of the monitoring activities which considers:

- SAI's size and structure
- Justifications in the quality risk assessment
- Design of responses
- Design of risk management and monitoring processes
- Changes in SoAQM
- Results of previous monitoring

The following are the basic steps in the annual planning:

1

Determine overall scope and nature of monitoring. At this stage, the monitoring team identifies areas that will be covered during the set period for the monitoring at the organisational level (e.g., specific divisions, offices, processes of the SAI, specific components of SoAQM), and target audits that will be inspected for financial, performance and compliance audits as applicable, including the nature of the monitoring (i.e., ongoing, periodic, or combination of both). The selection of audits should follow the selection criteria specified in the monitoring policy. Stratification may be used as appropriate.

Given the limited resources in the SAI, monitoring every detailed aspect of the SoAQM may not be necessary to achieve the main objective of the monitoring and remediation process. The scope and nature may be defined based on the following:

- *SAI's size and structure*. This will affect the number of offices, units or processes that are relevant for the review.
- *Justification to the quality risk assessment*. The monitoring team may focus on areas, processes or components where significant quality risks exist (e.g. the review of audits may focus on compliance with specific ISSAI or group of ISSAIs). For this purpose, the monitoring team needs to request for the result of risk assessment and inquire with the risk management committee.
- *Design of the responses*. The monitoring team may also focus on monitoring the responses designed and implemented for the period. For instance, when quality risk responses include the review of audit manuals, the monitoring activities may focus on the review of the basis used by the SAI in reviewing and enhancing the manuals, or perform validation on whether review and enhancement were properly performed.
- *Design of risk management and monitoring processes*. The monitoring team may plan the monitoring with consideration of the timing of the risk management process (e.g. every three years) or frequency when the risk assessment is updated. Moreover, the design of monitoring procedures for the monitoring component needs to fit with the approach used by the SAI (e.g., validation of whether the external monitoring process is in accordance with the agreed procedures).
- *Changes in the SoAQM*. When monitoring covers the entire SoAQM in the past, the current monitoring may then focus on SoAQM areas where changes transpired. During a pandemic, for instance, there may be significant changes in terms of

automation of audit processes and support for remote audit, the monitoring may then focus on the effectiveness of these changes. Another example is when there are new standards and the SAI revised its methodologies and tools, the review of audits may focus on implementation of those areas in methodologies affected by the change.

- *Results of previous monitoring.* In the form of follow-up, the monitoring for the current period may consist of follow-up procedures on deficiencies in the SoAQM identified in the prior periods.

For monitoring at the engagement level, the team may use either the audit engagements or the audit director/supervisor as the sampling units in the population. Using <u>audit directors/supervisors</u> as the population may provide the following advantages:

- It enforces accountability and responsibility of the audit directors/supervisors in ensuring quality as the results reflect their specific audit practices
- It expands the result of the review since monitoring remedial actions is expected to influence all audit engagements under the subject audit director/supervisor
- It allows flexibility when there are changes in the assignment of audit engagements
- It allows a more focused causal analysis and development of more direct remedial actions to address the specific audit practices of the audit director/supervisor
- It facilitates the conduct of follow-up procedures as the remedial actions are addressed to the same individual irrespective of the audit engagements conducted

When audit director/supervisor is used as the population, the monitoring policy also needs to set how the specific sample audit engagements (i.e., if there are more than one audits conducted) will be selected under the jurisdiction of the audit director/ supervisor. Normally, directors/supervisors are reviewed on a cyclical basis (e.g. each is reviewed every three years, but this needs to be specified in the policy). The result of selection should be adequately documented. The number of audits or areas that will be reviewed is often influenced by the SAI's strategic targets, size of SAI and SAI's audit universe. As mentioned, monitoring component is also included in the scope, thus, when selected during the period, this may involve self-review of the monitoring component. When the SAI has resources, monitoring of the monitoring component, including other SoAQM components, may be done externally (peer review), or by other monitoring process of the SAI to promote a more objective assessment.

The monitoring procedures, being tailored to the subject matter of the review, are designed during the individual monitoring planning.

2 **Set the annual target timeline and resources needed.** Based on the number of sample audit engagements and areas to be reviewed, the team needs to set the general timeline for the completion of each monitoring review. The monitoring timeline is affected by the SAI processes and legal deadline for audits (i.e. review commences only after completion and archiving of audits). Based on the targets, the team also plans for the resources needed, including the human and technological resources. The nature of audit engagements may affect the specific competencies needed to be possessed collectively by the monitoring team.

3 **Prepare Annual Monitoring Plan.** The team should document the result of scoping and scheduling of monitoring reviews through the Annual Monitoring Plan. The plan should be discussed with and approved by the Head of SAI, as appropriate.

Example template: **Tool 9: Annual Monitoring Plan**

Example Documentation:
- Approved Annual Monitoring Plan
- Basis of Selection of Components and Sample Audit Engagements
- Minutes of Team Meetings, as applicable

2 Individual Monitoring Planning

Planning is an important element in time and resource management. If done effectively, it can reduce cost and time towards achieving the goal of the monitoring. Individual monitoring planning involves the following activities:

1 **Define the objective.** The team should define the objective of the monitoring as aligned with the objectives under the revised ISSAI 140.

2 **Develop monitoring strategy.** The team may hold planning meetings/discussions to determine the overall strategy. The strategy may include matters dealing with organisational level issues, team management, the levels of review within the team, areas of focus, duration of the review (detailing specific steps in the monitoring process), communication with the SAI officials and the engagement team.

This can be documented using the suggested template which can be updated on a continuous basis.

> Tool 10: Individual Monitoring Plan and Programme

Based on a sample of completed audit engagements selected for review, the monitoring team can analyse the requirements of financial, performance, and compliance audit standards to determine the applicability of those requirements. Accordingly, the monitoring team can modify Part II of Tool 12.

3 **Ensure compliance with relevant ethical requirements.** The team is bound to comply with the SAI's code of ethics. Depending on the monitoring policy, the team may adopt the similar procedures followed by the audit teams in preparing individual declaration forms. The team needs to be independent from the audit teams and audited entities for engagement level reviews, engagement quality reviewer, if any, and from the concerned SAI officials and employees for organisational level reviews.

4 **Understand the subject matter.** In the monitoring perspective, the subject matter covers the policies and procedures related to the selected areas, and the nature of the selected audit engagements. Based on this information, the monitoring team may filter out those requirements in the monitoring tool that are not applicable or relevant.

5 **Design monitoring procedures.** While the specific monitoring procedures are expected to be embedded within the monitoring tool in the form of checklist, the general procedures can be designed to review the system of audit quality management. Take note that the designed procedures should be incorporated in the individual monitoring plan and programme. The sample designed procedures on the next page may be used for all engagement level reviews since the data gathering procedures for engagement level are similar. Unlike in engagement

level reviews, organisational level review involves different data gathering procedures and different types of evidence depending on the criteria, thus, it is normal to include different review procedures for each component in the review plan and programme. The team should design combination of data gathering procedures discussed in the Conducting stage.

Example Documentation:
- Individual Monitoring Plan and Programme
- Minutes of Team Meetings, as applicable

Example General Procedures for Review of Sample Audit Engagements

General Procedures[1]	Assigned to	Target timeline
1. Request the audit file (either hard or soft copy) from the audit engagement team. The audit file in soft copy should be stored in a secured drive and should not be disclosed and transferred to third parties. There should be proper handing and taking over of audit files.		
2. Obtain a written confirmation from the audit engagement team that the audit files submitted to the monitoring team are complete in all material respect.		
3. Review the audit file based on the criteria in the monitoring tool. Perform an evidence-based assessment on each criterion.		
4. Conduct and document interviews with the audit teams to corroborate or confirm information in the audit file, as needed.		
5. Analyse the linkage of working papers from audit planning to reporting and check consistency with the assessment.		
6. Note findings, if any.		
7. Identify root causes of the issues and determine whether they arise from deficiencies at the systems level.		
8. Discuss the issues with the audit team and request for feedback.		
9. Design remedial actions.		
10. Summarize the findings in the monitoring observations and remedial actions template.		

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[1] These procedures may be embedded in the individual review plan and programme as part of conducting stage

3 Conducting the Monitoring

In this phase, the team can use the monitoring tool in obtaining evidence to support the findings and observations. In other words, the monitoring team will perform the procedures designed at the planning phase and gather evidence which will form the basis for findings and remedial actions at a later stage. Conducting the monitoring involves the following activities:

1 **Gather sufficient and appropriate evidence.** The team performs different data gathering procedures that are considered appropriate to obtain the needed information to determine the compliance of the SAI's system of audit quality management, or the audit engagement with the monitoring tool. Document review is the widely used procedure. As such, the team requests the needed documents from the concerned SAI management (for monitoring at the Organisational Level) and audit teams (for review of audits). The monitoring team may request from the concerned SAI management and/or audit teams a written confirmation that the documents provided to the team are complete for the purpose of the review to promote accountability. The supporting evidence may also be obtained from the documentation of SAI's policies and procedures. The different data gathering procedures are discussed in the succeeding sections.

2 **Accomplish the Monitoring Tool.** Based on the evidence obtained, the team assesses the compliance with the requirements in the monitoring tool. The tool should be based on the standards adopted by the SAI. Take note that sub questions may be developed for a more detailed review.

> Tool 12: Monitoring Tool

Organisational level review includes assessment of the SAI's audit manuals, methodologies and tools being part of the 'resources' component. In reviewing these documents, the monitoring team may utilise the monitoring tool at the engagement level to map these documents with the individual requirements in the monitoring tool. It is not necessary to review the manuals, methodologies and tools on every monitoring engagement of the SAI. The SAI may review these documents when there are changes in the standards and/or SAI's system of audit quality management to ensure that these are up to date.

Data Gathering Procedures

o **An interview** is a data and information collection procedure in the form of a carefully planned set of questions. Thus, a set of key questions that may not have been included in the monitoring tool may be framed in advance for this purpose.

- o **Document review** is the process of gathering information from various types of documents relevant to the different components and subcomponents of the SAI's management system. This can be obtained through establishing contact with a coordinator at the SAI well ahead of time, provide a comprehensive list of documents required, agree on a date with the coordinator by which the documents would be made available; compare documents received with documents requested and organize the material in such a way that it is available to all members of the review team.

- o **Physical observation** is a visual process made by the team to record what they see using a checklist sheet made on ongoing activities, processes or discussions of physical surroundings/environment, infrastructure, technology and support services. This might also give insight into the behaviours of SAI's personnel for the processes or activities offered at that time and assess whether these follow official requirements.

- o **Focus group** is a process of discussion on a given concern with a group of people managed by a facilitator. It involves the use of a sequence of key questions and can be a powerful technique for gathering information on the SAI's functions, challenges and strategies. The facilitator needs to have good facilitation skills, which is one of the key critical factors for the success of focus group discussions.

- o **A survey** is a data collection technique, mainly using a questionnaire, prepared and sent to a specific group of stakeholders. The analysis of the answers is made by the reviewer.

Throughout the conducting stage, the manager and team leader should ensure that appropriate review and supervision is provided to the monitoring team. The team's signoffs in all the working papers are part of the monitoring documentation.

Example Documentation:
- Accomplished Monitoring Tool
- Documentation of interviews (e.g., interview notes, minutes), document review (e.g., evidence gathered and analysis), physical observation (e.g., checklists, photographs), focus group (e.g., minutes), and survey (e.g., results and analysis)

Completion and Review

All information gathered and observations made must be recorded carefully, to support the review procedures. Preferably, the information obtained should be summarised on each requirement in the monitoring tool, to be able to formulate an overall assessment. At this phase the team evaluates and validates the findings. The completion and review stage of the monitoring involves the following activities:

1

Evaluate findings to identify deficiencies and evaluate the severity and pervasiveness of deficiencies. After gathering the evidence, the reviewer is required to undertake an analysis of information, especially those requirements in the monitoring tool that are not complied with. Most of the information gathered using techniques such as document review, interviews and focus groups are likely to contain qualitative data that requires analysis and classification, and thus the reviewer may require thorough analytical skills to analyse information to construct meaningful findings and remedial actions. The findings recorded by the review team must be evaluated against evidence gathered as to its sufficiency and appropriateness. Further discussion in evaluating findings and severity and pervasiveness of deficiencies can be found on the next page.

2

Discuss findings with the concerned SAI management or audit teams. While the team is expected to engage in continuous discussion with the concerned SAI management and audit engagement team throughout the monitoring process, the draft findings of the review must be discussed before preparation and issuance of the report. This provides an opportunity for the concerned SAI management and audit team to explain further and provide documents on the observations raised by the team. It is possible that some documents or working papers are inadvertently omitted from the initial submission of the concerned SAI management and audit team. The team needs to exercise professional scepticism to determine whether the missing documents are indeed unintentionally omitted. It is important that the team record the responses of the other party during the discussion.

3

Develop remedial actions and conclusion, as applicable. Upon evaluating the findings, and assessing the sufficiency and appropriateness of evidence, the team needs to propose remedial actions for those areas where there is a need for improvement or requires corrective action. The remedial actions may cover areas both at the organisational level and audit engagement level, and the external factors that may have affected the quality of the audit. The reviewer needs to take due care since these findings and remedial actions might not only influence the audit but also serve as finding gaps in the SAI's system, identify factors contributing to those gaps and suggest measures for addressing those gaps. The remedial actions proposed in the report should be specific, measurable, attainable, realistic, and can be implemented within a given time frame. They should also be made to a specific addressee. Having these characteristics would ease the preparation of the report and the follow-up at a later stage in the monitoring process. The manager or the team leader should assess whether the design of the remedial actions is effective.

The analysis of the observations (including positive findings and deficiencies or areas of improvement), identification of the causal factors, and development of remedial actions may be documented using the suggested template:

Example Documentation:
- Monitoring Observations and Remedial Actions
- Evaluation of the System of Audit Quality Management

Analysis of Monitoring Findings and Deficiencies

The information from the monitoring process is mainly used in the evaluation, but information from other sources such as external inspection may also be used if there is any.

The monitoring component evaluates whether the findings constitute a deficiency in the system of audit quality management. In doing so, the monitoring considers the relative importance of the findings in the context of the quality objectives, quality risks, responses or other aspects of the quality management system to which they relate. Deficiency exists when:

A quality objective required to achieve the objective of the system of audit quality management is not established or is only partially established.

A quality risk, or combination of quality risks, is not identified or properly assessed.

A response, or combination of responses, which is not properly designed, implemented or operating effectively.

An aspect of the system of audit quality management is absent, or not properly designed, implemented or operating effectively.

When deficiencies exist, the monitoring component should evaluate the severity and pervasiveness of these deficiencies. As mentioned, this provides inputs to the Head of SAI or other appropriate individuals performing the evaluation of the system of audit quality management. The following are the considerations in performing the evaluation:

- The nature of the identified deficiency, including the aspect of the system of audit quality management to which the deficiency relates, and whether the deficiency is in the design, implementation or operation of the system of audit quality management;
- In the case of identified deficiencies related to responses, whether there are compensating responses to address the quality risk to which the response relates;
- The root cause(s) of the identified deficiency;
- The frequency with which the matter giving rise to the identified deficiency occurred; and
- The magnitude of the identified deficiency, how quickly it occurred and the duration of time that it existed and had an effect on the system of audit quality management.

Not all monitoring findings, including the review of audit engagement findings, will be a deficiency. The following are some examples:

- *A monitoring team might identify a further enhancement, even if something is already working. For example, the team may find that the SAI's 'manual' audit processes could be made more efficient by implementing an automated audit information system. If the manual process is still functioning well, and the SAI is delivering on its mandate, this would not be considered a deficiency, but rather an opportunity for improvement.*
- *The audit team might be using a standardised risk assessment tool that works well but could be further streamlined for efficiency. If the tool is functioning properly and the quality of audits is not affected, this would not be a deficiency but rather an opportunity to improve the tool's usability.*
- *Sometimes, there may be complex documentation requirements in the SAI. If certain documentation is not completed exactly as per internal requirements, but after assessment, it does not impact the effectiveness of the system, it would not be deemed a deficiency. However, the Monitoring and Remediation Process (MRP) might recommend simplifying this complexity.*
- *If there is a shortage of human resources in an administrative function (possible findings in SAI resources), but this lack of staff does not directly impact the audit or quality management processes, this would not be considered a deficiency. For example, if administrative tasks such as scheduling or paperwork are delayed but the core audit function remains unaffected, this is a finding of other resource limitation, not a deficiency in the quality management system.*

But the above examples can of course become deficiency if for instance the audit is delayed because of too much manual interventions, or too much details in risk assessment, or if the admin function relates to person recruiting auditors that caused freeze in hiring.

Example:

The SAI has an existing policy for monitoring. The policy requires SAI to create an ad-hoc team yearly to conduct monitoring. Part of the designed monitoring for the period is the review of sample completed audit engagements covering national and government corporations. Based on the audit universe of the SAI, 50% represents financial audits, 40% represents compliance audits and 10% performance audits. From these audits, 60% pertains to national government accounts, 20% pertains to government corporations and 20% pertains to local government accounts. *(note: details of the assumptions may be found in Guidance 7 Evaluation of the SoAQM, pages 7 and 8).*

For the purpose of this illustration, the information below is limited to monitoring at the engagement level covering review of sample performance audit engagement:

Extract from the monitoring tool

Criteria	Implemented in audit practice?	Remarks
The SAI shall ensure that, the audit team collectively has the necessary professional competence to perform the audit. [ISSAI 3000/62]	NO	The Performance Audit Teams were experiencing challenges in interpreting and processing statistical data on subject matter that relates to poverty alleviation causing significant delays in the completion of the audit activities. The audit resorted to the procurement of services from the third party to facilitate the completion of the audit. Upon further investigation, the audit team's assessment of competency follows the minimum requirements in the SAI's Competency Framework. Thus, the assessment showed that the audit team has the collective competencies. However, the competency framework used as the basis in the competency assessment only covered basic skills and did not integrate the specialisation and other skills needed for performance audit engagements.

Extract from the monitoring observations and remedial actions template

Good Practices/ Positive Observations	:	• The performance audit teams utilised the prescribed template in the Performance Audit Manual in assessing the collective competency of the audit team. The existing competencies were compared against the basic competency needs in the SAI Competency Framework.

Findings	With deficiencies in the SoAQM?	Cause(s) of the deficiencies (for each of the 'Yes' answers in column 2)	Evaluation of deficiencies (for each of the 'Yes' answers in column 2)	Remedial Actions
Finding 1: The Performance Audit Teams were experiencing challenges in interpreting and processing statistical	☒ YES ☐ NO The findings significantly affect the resources	Upon further investigation, the SAI's Competency Framework does not consider the	☒ Severe ☐ Pervasive ☐ N/A The deficiency is assessed as severe since lack of the needed competency	We recommended and the SAI management agreed to revisit and enhance the SAI's Competency Framework and

data on subject matter that relates to poverty alleviation causing significant delays in the completion of the audit activities. The audit resorted to procurement of services from third party to facilitate completion of the audit.	component of the quality management system. The relevant ethical requirements component is also affected in terms of competence.	diversity of the competency needs for performance audit as the framework focused on financial and compliance audits.	significantly affect the quality of the audit, although the sample audit resorted to engagement of expert. The deficiency is not considered pervasive since only 10% of the SAI audit universe pertains to performance audit and that not all performance audits require specialised skills.	develop policy on engaging auditor's experts to ensure alignment with ISSAIs and SAI's mandate.

The SAI is encouraged to document the judgement made in the monitoring process such as the evaluation of whether the findings constitute a deficiency, and the evaluation of the severity and pervasiveness of the deficiencies.

Reporting

4

After the findings have been evaluated, and discussed with the management and concerned audit teams, the monitoring team prepares the report. The reporting phase is an important element of the monitoring process through which the results are communicated to either the Head of SAI or other appropriate authorities within the SAI. The reporting phase of the monitoring involves the following activities:

1

Prepare a draft report. After the initial discussion with management and concerned audit teams, and development of remedial actions, the monitoring team should:
- Re-evaluate the findings against the explanations/responses given;
- Conduct further investigation based on additional evidence presented especially for those significant matters on which there were differing opinions;
- Discuss and agree on the findings;
- Agree on the amendments to be made to the draft report including additional findings to be included in the report to be submitted to the Head of SAI; and
- Discuss the remedial actions and the implementation timeline.

Sample Monitoring Report Structure

- Executive summary and conclusion
- Introduction & other background information
- Good practices (positive findings)
- Deficiencies/needs improvement
  - Criteria & observations
  - Cause & effect
  - Remedial action
  - SAI management/audit team responses (will be incorporated after the meeting)

2

Conduct Exit Meeting. The draft report which forms the basis for the final report should be discussed at a meeting with the Head of SAI and/or with senior management in accordance with their defined roles and responsibilities. The discussion of the draft report will alert senior management to the contents of the final report. The team should use the feedback /responses received to finalise the report. After the discussions of the draft report with senior management, the team may have further review work to do especially on contentious issues and to analyse additional information the team did not have before.

3

Obtain action plan. Senior management's response to the draft report should include an action plan to implement the remedial actions provided in the report. Although

action plans are usually prepared after receiving the final report, they can also be prepared during the exit meeting and incorporated in the final report. Senior management would be required to prioritise which remedial actions to implement first and agree on an implementation date in conjunction with the monitoring team. Some factors that may be considered in prioritising remedial actions for implementation are:

- o Impact of the remedial actions on the SAI;
    - • positive impacts in implementing the remedial actions; and
    - • negative impacts of not implementing the remedial actions
- o Seriousness of the deficiency and need for immediate action;
- o Applicability of remedial actions given the circumstances e.g. SAI mandate, government policy or country's development stage (e.g. the use of auditing software if no IT infrastructure in place); and
- o Availability of resources.

A good action plan should:
- o Have a description of specific detailed actions management intends to take;
- o Include deadlines for implementation; and
- o Include the assignment of responsibility.

4

Finalise the monitoring report. A good monitoring report should be:
- o <u>clear and understandable -</u> there should be no ambiguous statements that could lead to misinterpretation;
- o <u>concise</u> - the report should not be longer than it needs to be, without unnecessary information
- o <u>readable</u> - the report should not include overly technical language or elaborate language as these may distract the reader from the main objective of the report;
- o <u>reader friendly</u> the reader of the report should be able to follow the logical flow of the report from the objective to the overall result.
- o <u>balanced</u> - consider the positive findings and deficiencies or areas of improvement as stated below:

| Good practices/positive findings	Deficiencies /needs improvement
Identification of good practices, and instances where SAI's quality management system is designed, implemented and operated in a way that meets the requirements of ISSAI 140, ISSAIs applicable at the audit engagement level, SAI policies and procedures and other regulations.	Identification of instances of non-compliance with the ISSAI 140 requirements, ISSAIs applicable at the audit engagement level, SAI policies and procedures and other regulations. *All material deficiencies and areas of improvement should be reported precisely.*

o

5

Issue the monitoring report: The final report should be signed by the manager/supervisor (depends on SAI's monitoring structure) and should be addressed to the Head of SAI. The Head of SAI may set the frequency of reporting (e.g., semi-annually, annually) for the purpose of obtaining inputs on the evaluation of the system of audit quality management. This will also allow for serious matters relating to the breakdown of quality management in the SAI's current practice to be brought to their attention for timely remedial action.

Follow-up

5
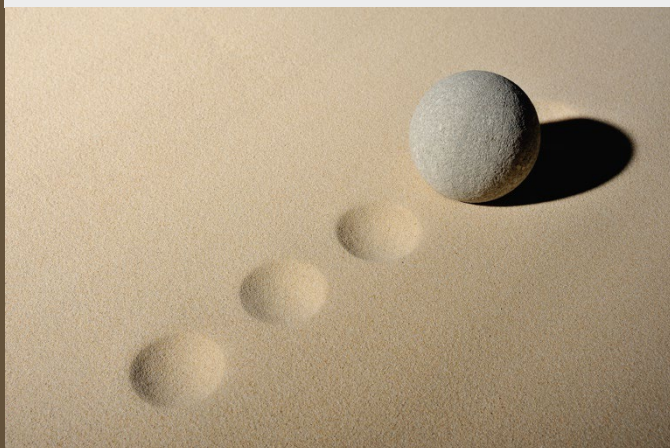
The follow-up mechanism is yet another important element within the monitoring process to ensure the action plan proposed by the SAI management or the Head of the SAI to continuously improve the quality has been implemented. The follow-up can commence after a time frame specified in the SAI policy after the issuance of the report. Follow-up actions are carried out by the monitoring team to ensure that the agreed action plan has been implemented or adequate steps are being taken to implement it.

The SAI's monitoring policy should stipulate the timeframe for management to report on their progress with the implementation of the corrective actions. The monitoring team should perform follow-up tests to confirm the effectiveness of the corrective actions that are fully implemented.

The follow-up activity should consider the following:
- o If the proposed actions have been implemented; and
- o If the actions taken correct the underlying deficiency that leads to the original finding or observation;
- o If actions have not been implemented as planned, the monitoring team should determine the rationale behind the inaction. The follow-up report status should be submitted to the Head of the SAI for further actions if required. Further actions of the Head of SAI may include, but not restricted to, the following:
  - Seeking further explanations from those responsible for implementing the actions;
  - Cautioning those who are behind in meeting the deadlines for implementation;
  - Identifying alternate options and discussing with management their applicability and practicality; or
  - Re-prioritising and discarding those proposed plans of action which cannot be implemented.

For follow-up in monitoring at the audit engagement level, a follow-up is more effective when the population used for monitoring is the audit director/supervisor as the implementation of the corrective action does not necessarily need to be at the same audit engagement but on any audit engagement conducted by the subject audit director/supervisor. When audit engagement is instead used as the population, there could be instances that the proposed corrective actions will no longer be relevant for the same audit engagement, especially when there are changes in the audit director/supervisor handling the engagement.