

Enhanced Follow Up – in cooperation with other assurance providers

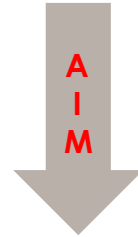
International IIA Conference – Budapest, March 13, 2019



- **Essence of Follow up**
- **Enhanced Follow up in practice**
- **Cooperation with other partners**

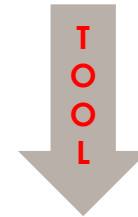
What is the benefit of internal audit?

Our mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.



IMPACT ON THE ORGANIZATION

upon agreed actions arising from internal audit findings



FOLLOW UP

ensure that responsible unit has implemented the action, which has addressed the issue



- Preliminary survey
- Internal control review
- Audit program

- Interviews
- Analyses of processes and efficiency of control points
- Transaction testing



- Confirmation of planned actions
- Audit response verification

- Transparent structure and content
- Clear findings and clear recommendations
- Action plan



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.

2500.C1 – The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.

See also Implementation Guide 2500

Audit committee and senior management (BoD/SB) require assurance that the agreed actions set in internal audit reports have been implemented correctly in the timescales originally defined in action plans, and that implemented controls are managing risk more effectively. To provide the necessary assurance, internal audit should undertake follow-up work. The approach and frequency to this will vary by organization/available work-force.

The following should be taken into consideration by designing the follow-up protocol:

- What frequency, style and level of reporting should be performed?
- Level of automation needed (depends on the size of organization and the number of corrective actions)
- How we should deal with partial implementation or work (project) in progress
- Rules on prolongation of deadline
- The escalation process for actions not implemented by the agreed date
- Who in internal audit can approve the action and whether quality review is needed and in which extent

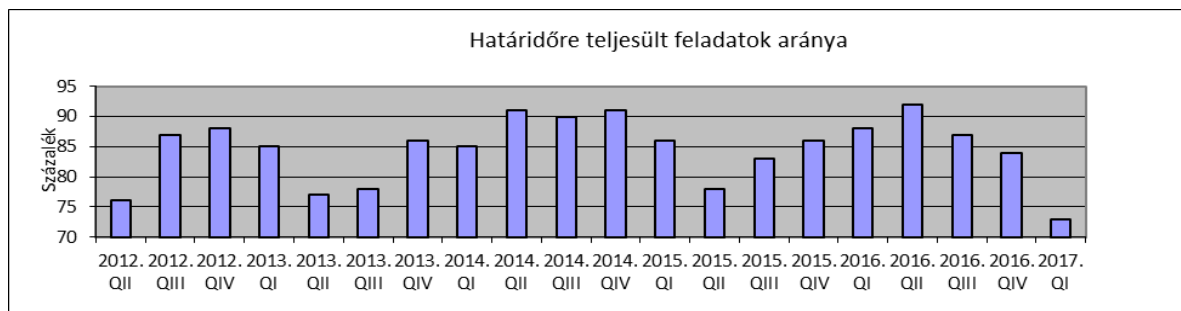


- **Monthly warning report to the responsible units**
- **Detailed quarterly report to the Management**
- **Summary on the results of quarterly report to the Supervisory Board**

Reporting of progress on outstanding actions is vital to both the audit committee and senior management. This should be both statistical and highlight areas of specific concern and trends.

It should include statistical analysis on the following:

- Number of tasks to be due in the current quarter and their fulfilment rate (optimal rate is over 80 %) in historical time-line by main organizational units and weighting of tasks



- Overdue tasks and prolongation of deadlines (max. 3 times)

- Number and rate of tasks with deadline extension for the first time (limit: 20 %)
- Number and rate of tasks with deadline extension for second or third time (limit: 10 %)
- Number and rate of overdue and repeatedly overdue tasks (no reaction from the responsible unit or open tasks with deadline extension more than 3 times)

Osztályozás	Negyedévben lejárt feladatok	Határidőre teljesült	%	Határidő hosszabítás	%	Ismételt határidő hosszabítás	%	Lejárt feladatok	%	Ismételten lejárt feladatok	%
(5) „súlyos”	0	0	-	0	-	0	-	0	-	0	-
(4) „jelentős”	20	20	100%	0	0%	0	0%	0	0%	0	0%
(3) „számottevő”	181	148	82%	24	13%	8	4%	1	1%	0	0%
(2) „csekély”	203	173	85%	20	10%	9	4%	1	0%	0	0%
Összes	404	341	84,41%	44	10,89%	17	4,21%	2	0,50%	0	0%
CEO	74	67	91%	5	7%	2	3%	0	0%	0	0%
CBO	29	18	62%	11	38%	0	0%	0	0%	0	0%
COO	49	41	84%	6	12%	1	2%	1	2%	0	0%
CRO	18	15	83%	1	6%	2	11%	0	0%	0	0%
CRD	181	161	89%	15	8%	5	3%	0	0%	0	0%
CSF	53	39	74%	6	11%	7	13%	1	2%	0	0%

Systems can make follow-up more efficient and effective.

This approach enables the ownership of actions to be assigned to responsible units and enables tracking of action through to completion.

Jelentés keresés

Analyses

act. user-id: u048122

magyarázat

Funkció gomb
 F1 = Súgó
 F3 = Szerkesztés

Do!

Org-Chart BayernLB

Intézkedések utókövetése

Jel. száma	07/BLB	Jelentés dátuma	2007/04/16/	Ell. típus	800 - Külső vizsgálat	Első ell.	<input type="checkbox"/>
Jel. címé	Report on the Joint Audit of Selected MKB*Lending Processes including Follow-Up on the Special Audit of October 2006						
Felelős	A11	Vizsgáló vezető	RA	Link a jelentéshez			

OffAnme-ID: 3676 ■

ell. cél [1]
 [2]

Prin: 1 Relevanci: MaH -> Tz Mak -> Tz Basel II -> Tz GwG Ext? MaRisk RFR

Attekintés | Megállapítás | Intézkedés | Felelős terület | Végrehajtás állása | Egyéb információ | Hosszabbítás kérés

Kategóriák	[1] Kockázatkezelés - - -		
Jel. alcím	2.1.1	Internal Control System	

Határidő	2007/12/31/	ghosszabbítás határideje	Száml.	0	> Felelős üzleti terület <table style="width: 100%;"> <tr> <th>Üzleti terület</th> <th>Szakterület</th> <th>Vezérigazgató hely.</th> </tr> <tr> <td>D19</td> <td>D12</td> <td>Int. -NW-</td> </tr> </table>	Üzleti terület	Szakterület	Vezérigazgató hely.	D19	D12	Int. -NW-
Üzleti terület	Szakterület	Vezérigazgató hely.									
D19	D12	Int. -NW-									
Státusz	nyitott										
Végrehajtás időpontja		[végrehajtv]									

> Felelős ell. osztály
 Osztály / auditor

A11	RA	Rófusz	Attila
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Record: 1 of 11

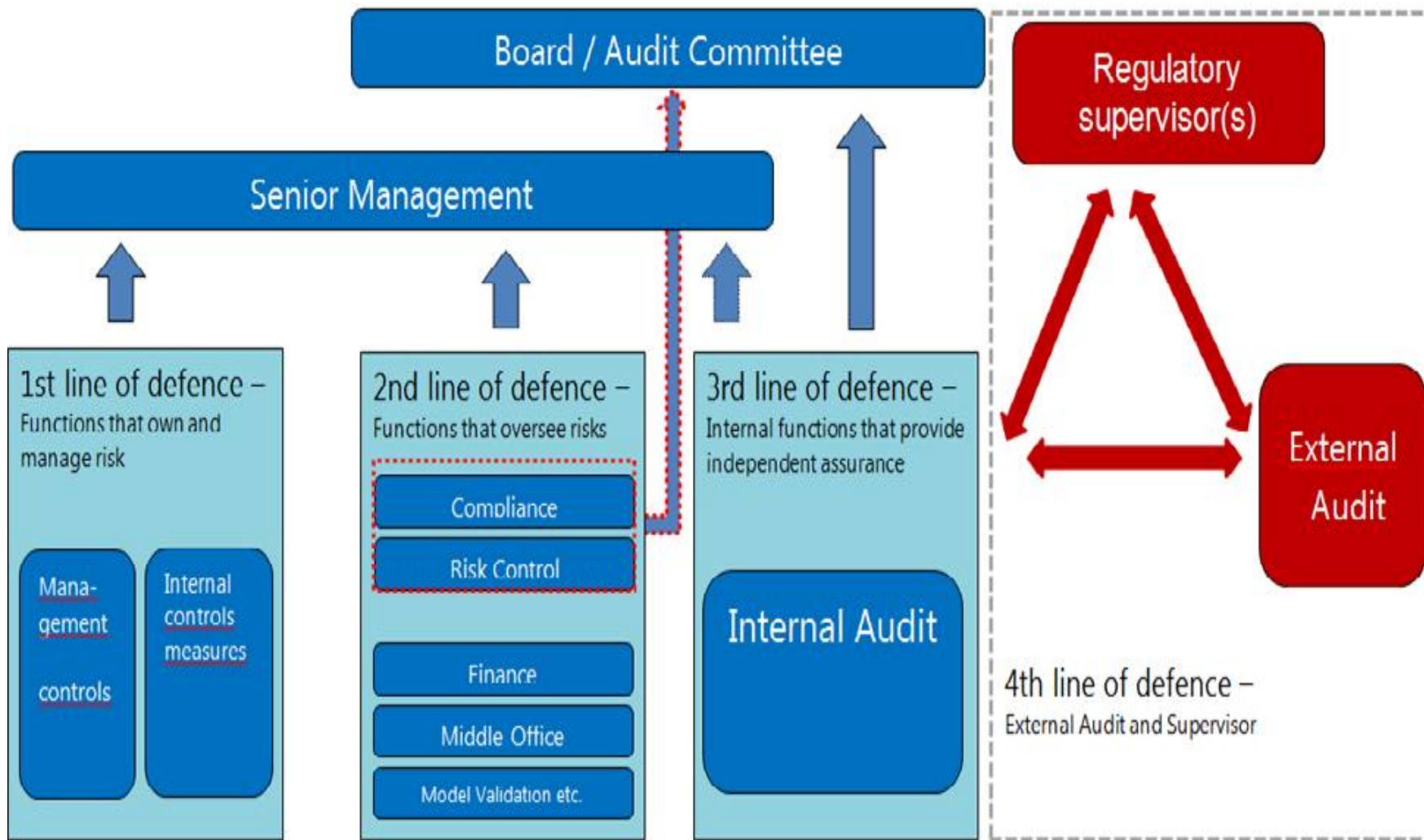
Auditees can monitor only its own tasks via intranet

Only available functions for auditees: prolongation and completion of task



The screenshot shows the MKB BEI intranet interface. At the top, there is a navigation bar with the MKB logo and the text 'BEI'. Below this, there is a search bar with the text 'Bejelentkezve: MKB\048122'. The main content area is titled 'Jelentések' (Reports) and contains a search instruction: 'Kérem, állítsa be a keresési feltételeket, majd a Keresés gomb megnyomása után a feltételeknek megfelelő jelentések megjelennek a legördülő listában. A jelentés kiválasztása után automatikusan megjelennek a jelentéshez tartozó és a keresési feltételeknek megfelelő megállapítások.' Below the instruction, there are two checkboxes: 'Csak nyitottak' (checked) and 'Közreműködő is' (checked), followed by a 'Keresés' button. A dropdown menu shows the selected report: '07/BLB Report on the Joint Audit of Selected MKB*Lending Processes including Follow-Up on the Special Audit'. Below the search results, there is a table with the following columns: 'Jelentés száma', 'Jelentés címe', 'Jelentés dátuma', 'Megállapítás-ID', 'Jelentés pont', 'Téma', 'Jelenleg érvényes határidő', 'Auditor neve', and 'Auditor telefonszám'.

Jelentés száma	Jelentés címe	Jelentés dátuma	Megállapítás-ID	Jelentés pont	Téma	Jelenleg érvényes határidő	Auditor neve	Auditor telefonszám
07/BLB	Report on the Joint Audit of Selected MKB*Lending Processes including Follow-Up on the Special Audit of October 2006	2007.04.16	3676	2.1.1	Internal Control System	2007.12.31	Rófusz Attila	+36 (1) 268-74





Defence Line No.1

- Resolutions of top bodies of the organization: Management Committee and other standing committees (e.g. ALCO, OpRisk Forum), Board of Directors, Supervisory Board
- Cooperation with the Corporate Secretary unit, regular review on open items is on the agenda of these committees
- Fulfilment of regular mandatory internal regulation up-dates

Defence Line No.2

- Action plans elaborated by the Central Oprisk Management, upon:
 - Loss scenario analysis workshops
 - OpRisk events of high amount

- Action plans elaborated by the Compliance
 - Compliance carries out examinations on certain topics, e.g. compliance with investment services rules, activity of traders, audit of reporting duties of employees, fraudulent cases

- Action plans elaborated by the Data Protection Officer
 - According to GDPR DPO must carry out data protection related checks, examinations





Defence Line No.4

- Coordination of examinations carried out by Supervisory Authority and partially with external auditor
- Preparation of Action Plans upon the Resolutions and Management Letter together the bank units
- Action Plans are accepted by Management Board and followed up by Internal Audit
- Common practice that Supervisory Authority requests Internal Audit to carry out a follow up audit



- **Management receives focused reports about all issues**
- **Internal audit has comprehensive overview of all issues**
- **Other tasks are also followed in a strict, regular manner, supporting the fulfilment constraint**
- **Easy and transparent way to give status reports to external audits**
- **Supporting internal audit in its continuous risk management and planning**
- **Internal education - learning from each other and supporting each other's job**
- **Avoiding duplication of open findings, corrective actions can be built on each other in a more effective way**

I ♥
AUDIT

Thank you for your attention!

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