CORRECTIVE ACTION CHECKLIST

1: Understand the Finding
Before you do anything, ensure that you understand the finding that has been identified. Work with the audit staff to understand the source of any data, the context of any interviews, the process flow, and the risks identified. Don't be afraid to ask questions! Our shared goal is to identify risk and fix it – if the audit team doesn't have it right, help clarify the facts appropriately.

2: Identify an Action Champion
The Action Champion is the person who will lead the effort to revise the present practice. Consider someone who is: – Close enough to understand how the process works, and provide informed ideas. – At an organizational level to make empowered decisions or provide proposals to the VP. – Involved in the audit or the identification of the finding.

3: Define the New Controls Required
A control is defined as a set of processes intended to reasonably ensure an outcome. Any effective control will start with a basic question: *What is this control trying to accomplish?* Controls should be matched to the relative risk of failure -- put a stronger control where failure is likely, or would have a significant impact. Generally, three types of controls are utilized: PREVENTATIVE : A *preventative* control is designed to require that an action happen prior to the process continuing. When a retailer swipes your credit card prior to accepting it for payment, it is performing a *preventative* control to ensure you have adequate funds and that they are likely to be paid. DETECTIVE : A *detective* control is intended to identify cases where a control may have been violated, to allow follow-up as needed. A report that identifies instances where the invoice date is before the requisition approval date is a *detective* control – the 'pre-commitments' have already happened, but the cases are identified and can be addressed as appropriate. DIRECTIVE : A *directive* control instructs a person or group of people to follow a particular process to support an objective. Instructing Budget Administrators to review monthly budget and expenditure reports is a *directive* control.

4: Understand Steps to Achieving the New Controls
Once you have determined the new controls you will need to have in place, you should develop specific steps to execute those controls. The steps for implementing each control will be different, so create a set of implementation steps for each control. Consider the following: – Is this a minor finding or major finding? How urgent is it to fix? Should you put in a short-term control quickly while you complete the end design? – Who will need to be involved from a design and approval perspective? – Is there a required sequence, or can some items be completed in parallel? – What resource support may you need? ($ / people) When will it be required? – Are there any outsourced suppliers involved? The *Corrective Action Worksheet* can be used to help document your corrective action process for each finding (including new controls and steps needed), but it is not required.

CORRECTIVE ACTION CHECKLIST

5: Determine Initial Timing

After you have evaluated the steps for your new controls, the next step is to develop initial timing to submit as part of the published audit report. This timing can be updated as things change, but will provide the initial view to management and the Audit Committee of the Board of Trustees on how long it will take to resolve the finding. Two dates are required:
 	
    – Date of Submission of Evidence
    – Date of Closure
 	
For Minor Findings, closure will occur at the same time that evidence is submitted. For Major Findings, the audit staff will assist you in determining when a finding will be eligible for closure. For your purposes, the Submission Date should be the date when you believe all new controls will be in place, and will be ready for evaluation.

6: Summarize Your Action
Once you have completed all of the steps above, you'll want to write a summary of your action and provide that to the audit staff for the final report. This section, "Action Planned / Taken" is included in each finding reported, and provides a high-level understanding to management and the Audit Committee on what will be done. For example, in the case where an audit found that minimum standards were not in place to add a new vendor to the FMS system, two examples of summarized action are provided:

Strong Action Planned / Taken	*Weak Action Planned / Taken*
The Purchasing Department will ensure that vendors within the FMS vendor file are appropriate by: 1) updating the new vendor form to include rationale and planned annual spending information to be completing by the requestor, not the vendor, 2) requiring that each new vendor request be approved by the requestor's supervisor, 3) generating a report bi-annually to compare planned spending to actual spending for each vendor within a particular type of expenditure, and 4) evaluating vendors annually against established targets, and deactivating those that do not meet the minimum levels. All actions will be completed by January 1, 2008.	The Purchasing Department will review all new vendor requests to ensure that all vendors are appropriate.

7: Update the Audit Office
If you have a change to the actions you plan to complete, the timing by which you plan to complete them, or the Action Champion, please update the Audit Office using the *Corrective Action Update* form. That form is also used to report that the actions for a finding are complete and, in the case of a Major Finding, ready for review. Updates should be e-mailed to: auditca@bgsu.edu.