

FREE PRACTICAL GUIDE

INTERNAL AUDIT RESOURCE LIBRARY

ACTION PLANS

How to Evaluate Management Action Plans

A practical guide to deciding whether proposed actions are specific, sustainable and likely to reduce the identified risk

Why this guide matters

This guide is designed for internal auditors who need a concise, practical way to apply evaluate management action plans in real engagements. It focuses on decisions, evidence and common failure points rather than theory.

THE OUTCOME YOU WANT

A practical guide to deciding whether proposed actions are specific, sustainable and likely to reduce the identified risk.

The six-step approach

- 1 Start with the confirmed root cause and residual risk.
- 2 Check whether the action directly addresses the cause.
- 3 Require a named accountable owner and realistic target date.
- 4 Define measurable completion evidence.
- 5 Assess dependencies, interim controls and residual risk during implementation.
- 6 Agree how internal audit will validate closure.

Steps 1-3: Build the foundation

How to Evaluate Management Action Plans

1

Start with the confirmed root cause and residual risk.

Define the decision, risk or process question before collecting evidence. Write down what a good outcome would look like.

2

Check whether the action directly addresses the cause.

Use actual transactions, system evidence, data and accountable owners to confirm how the process operates in practice.

3

Require a named accountable owner and realistic target date.

Record assumptions, exceptions and boundaries early so later testing remains focused and reproducible.

AUDITOR PROMPT

Ask: "What evidence would convince another experienced auditor that this conclusion is reasonable?" If the answer is unclear, strengthen the planned work before moving on.

Steps 4-6: Turn work into assurance

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4

Define measurable completion evidence.

Match the depth of work to the severity of the risk. High-risk conclusions need stronger evidence and clearer documentation.

5

Assess dependencies, interim controls and residual risk during implementation.

Challenge exceptions for frequency, impact, root cause and management awareness before deciding what they mean.

6

Agree how internal audit will validate closure.

Finish with an explicit conclusion and next action: no issue, improvement opportunity, finding, escalation or follow-up.

QUALITY CHECK

Before you finalize, ask whether the work directly answers the original audit question, whether evidence is sufficient, and whether a reader can understand the reasoning without being in the audit team.

WEAK ACTION

Finance will remind managers to approve expenses carefully.

STRONGER ACTION

Update travel limits, configure system warnings, require exception approval evidence and monitor override rates monthly.

WHY

It addresses design, prevention and monitoring rather than relying only on behavior.

What makes the example useful?

- It starts from a specific risk or audit question.
- It connects evidence and testing to a conclusion.
- It avoids treating process description as proof of control effectiveness.
- It leaves a clear path for management action or follow-up.

Quick reference - use this on your next audit

How to Create Management Action Plans

Five practical reminders

- “Remind staff” and “monitor more closely” are often weak unless the root cause is genuinely awareness.
- A good action changes the conditions that allowed the issue.
- Completion evidence should be defined before the due date.

Mini self-check

- ☐ Have I linked the work to a clear audit objective or business risk?
- ☐ Is the evidence strong enough for the importance of the conclusion?
- ☐ Have I distinguished facts, explanations and assumptions?
- ☐ Have I considered root cause and recurrence, not only the immediate exception?
- ☐ Can management understand what decision or action is required?

RESOURCE NOTE

This is a practical learning resource, not formal professional guidance. Adapt the approach to your organization, applicable standards, regulation and audit methodology.