

Committee Name and Date of Committee Meeting

Audit Committee – 07 June 2023

Report Title

Internal Audit Annual Report 2022-23.

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

David Webster, Head of Internal Audit
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Ward(s) Affected

Borough-Wide

Report Summary

This report provides information on the role of Internal Audit; the work completed during 2022-23 and highlights the key issues that have arisen from it. It provides the overall opinion of the Head of Internal Audit on the adequacy of the Council's control environment, risk management and governance. It also provides information regarding the performance of the Internal Audit function during 2022-23.

Based upon internal audit work undertaken and taking into account other internal and external assurance processes it has been possible to complete an assessment of the Council's overall control environment. In the opinion of the Head of Internal Audit, Rotherham Metropolitan Borough Council had overall an adequate and effective framework of governance, risk management and control during 2022-23. This opinion and the contents of this report feed into the Annual Governance Statement.

Recommendations

The Audit Committee is asked to:

1. Note the Internal Audit work undertaken during the financial year 2022-23 and the key issues that have arisen from it.
2. Note the overall opinion of the Head of Internal Audit on the adequacy and effectiveness of the framework of governance, risk management and control within the Council.

List of Appendices Included

Appendix 1 Internal Audit Annual Report 2022-23.

Background Papers

UK Public Sector Internal Audit Standards.

Local Government Application Note.

Accounts and Audit (England) Regulations 2015.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

No

Exempt from the Press and Public

No

Internal Audit Annual Report 2022-23.

1. Background

- 1.1 Internal Audit produced a risk based Annual Audit Plan in accordance with the UK Public Sector Internal Audit Standards (PSIAS). This was received by the Audit Committee at its meeting in March 2022. The Plan was regularly reviewed and monitored during the year so that it provided sufficient coverage of the key risks facing the Council.
- 1.2 During the year the Audit Committee received periodic updates on the work of Internal Audit and a summary of the key issues that arose. This annual report is a final summary of Internal Audit activity.
- 1.3 The report is attached at **Appendix 1** and includes the following information:
 - Legislative requirements and Professional Standards
 - The Head of Internal Audit's annual opinion on the control framework, risk management and governance
 - Resources and audit coverage during the year
 - Summary of audit work undertaken during 2022-23, including both planned and responsive / investigatory work
 - Summary of other evidence taken into account for control environment opinion
 - Summary of audit opinions and recommendations made
 - Internal Audit performance indicators

2. Key Issues

- 2.1 The Head of Internal Audit's opinion is that there was overall an adequate and effective framework of governance, risk management and control during the majority of the year.
- 2.2 We issued one No Assurance audit opinion during the year and gave an opinion of Partial Assurance in five areas subject to audit. The No Assurance opinion has been included in the Annual Governance Statement.
- 2.3 We can confirm that action plans have been agreed with management in respect of all final audit reports issued.
- 2.4 Overall, resource levels provided sufficient capacity to provide an adequate level of assurance, and sufficient work was completed to enable the Head of Internal Audit to provide his overall opinion.
- 2.5 Public Sector Internal Audit Standards (PSIAS) require that an internal assessment of the Internal Audit function must be undertaken annually, with an external assessment at least every five years. In 2020-21 an external assessment was completed which showed general conformance with the standards. The internal assessment during 2022-23 showed this had been maintained.
- 2.6 A Quality Assurance and Improvement Programme (QAIP) was put into place during 2021 using the results of the external assessment. An updated QAIP

based on the latest internal assessment has been produced to maintain and increase the level of conformance within the team.

3. Options considered and recommended proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit. It provides an annual summary of Internal Audit work completed and the key issues arising from it and the overall opinion of the Head of Internal Audit on the adequacy of the Council's control environment. It also provides information about the performance of the Internal Audit function during the year.

4. Consultation on Proposal

- 4.1 All Internal Audit reports referred to in this report have been discussed and agreed with the appropriate Service Manager and Assistant Director, and have also been issued formally to the relevant Strategic Director. Where an opinion of partial or no assurance has been given, the report was also sent to the Chief Executive.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its 6th June 2023 meeting.

6. Financial and Procurement Advice and Implications

- 6.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

7. Legal Advice and Implications

- 7.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state: *"each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."*
- 7.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are: *"each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs."*

8. Human Resources Advice and Implications

- 8.1 There are no direct Human Resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 This document constitutes a report of progress against delivery of the Internal Audit Plan 2022-23. A significant proportion of the Plan was devoted to the examination of risks facing Children and Young People’s Services and Adult Social Care.

10. Equalities and Human Rights Advice and Implications

10.1 There are no direct Equalities and Human Rights Implications arising from this report.

11. Implications for Partners

11.1 Internal Audit is an integral part of the Council’s Governance Framework, which is wholly related to the achievement of the Council’s objectives, including those set out in the Corporate Improvement Plan and Children’s Services Improvement Plan.

12. Risks and Mitigation

12.1 The following risks have been identified:

Risk	Impact	Likelihood	Mitigation
Not having/failing to deliver a risk-based Plan. Audit Plan does not reflect current risks/threats to Council. Unforeseen demands upon audit resources, e.g. increase in frauds/investigations and/or requests from management (responsive work). Insufficient resources to complete work to support the annual opinion.	3	3	Risk-based approach to audit planning, including consultation with management. Robust task/time management process. Audit Plan kept under review to ensure it reflects key risks across Council. Half-yearly meetings with all Directorate Leadership Teams to ensure plan is up to date. Progress reports provided to Audit Committee.
Management introduce new systems / processes with inadequate controls.	2	3	Contact with DLT's over current developments. Request information on the changes in order to consider them for review. Review of projects in Customer and Digital Programme.
Audit testing may not reflect current risks. Major systems changes occur without IA awareness, increasing risk. Scope of our work does not take account of this. Unforeseen demands upon audit resources, e.g. increase in frauds/investigations and/or requests from	3	3	Risk-based approach to audit planning. Robust task/time management process. Progress reports to Audit Cttee.

management (responsive work).			
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13. Accountable Officer(s)

David Webster, Head of Internal Audit

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This report is published on the Council's [website](#).



Rotherham Metropolitan Borough Council

Internal Audit Annual Report 2022-23

1 Introduction

1.1 Objectives of the Report.

The objectives of this report are:

- To provide a summary of the Internal Audit work undertaken during the financial year 2022-23 and the key issues that have arisen from it.
- To present the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's control environment, risk management and governance arrangements, which supports the Council's Annual Governance Statement (AGS).
- To provide information regarding the performance of the Internal Audit function during the 2022-23 year.

This report is presented to the Audit Committee to enable the Committee to fulfil its responsibility for overseeing the work of Internal Audit.

1.2 Legislation Surrounding Internal Audit.

The provision of Internal Audit is a statutory requirement for all local authorities that for the period under consideration is set out in the Accounts and Audit (England) Regulations 2015. These state:

“each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal Audit also has an important role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are that:

“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.

1.3 Professional Standards

The professional responsibilities for Internal Auditors are set out in the International Standards for the Professional Practice of Internal Auditing, published by the Chartered Institute of Internal Auditors (CIIA) in the UK and Ireland. Public Sector Internal Audit Standards (PSIAS) are based on the international standards.

The Standards require the Head of Internal Audit to develop a Quality Assurance and Improvement Programme (QAIP), designed to enable an evaluation of Internal Audit's conformance with the Standards. The QAIP must include both internal and external assessments. External assessments must be completed at least every five years. Internal assessments must include:

- Ongoing monitoring of the performance of the Internal Audit activity; and
- Periodic self-assessments

An external assessment was completed in November 2020 with the results reported to the Audit Committee in January 2021. The Internal Audit Service was assessed as generally conforming to the Standards. The assessment resulted in the development of a QAIP. The latest internal assessment was completed in January 2023, which showed that General Conformance with the standards had been maintained. The QAIP was then updated for 2023.

The CIIA define General Conformance as follows.

Generally Conforms means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

Ongoing monitoring of performance is in place. The quality of audit work is ensured by the use of an audit manual, ongoing supervision and management of staff and the review of all audit work. Performance targets are set and actual performance is reported to each Audit Committee meeting.

1.4 The Definition and Role of Internal Audit

The definition of Internal Auditing in PSIAS is as follows:

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The role and responsibilities of the Rotherham MBC Internal Audit Service are outlined in the Internal Audit Charter which was revised during the year and approved by the Audit Committee. It also specifies the department's independence, authority, scope of work and reporting arrangements. All audit work is carried out in accordance with the contents of the Charter.

The role of Internal Audit is to provide an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the framework of internal control, risk management and governance. Internal Audit is therefore a key part of

the RMBC assurance cycle and one of the sources of assurance available to the Council and Audit Committee, which assists the Council to prepare the Annual Governance Statement.

1.5 Assurance

In giving the opinion on the framework of internal control, risk management and governance, it should be noted that assurance can never be absolute. The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all weaknesses that exist, or of all the improvements that may be required.

1.6 Independence

During 2022-23 the Head of Internal Audit carried out some wider organisational duties that might be considered to conflict with the purely independent role of Internal Audit. These relate to the preparation of the Annual Governance Statement and his role as one of the Whistleblowing Officers. Any conflicts are handled by independent scoping and reporting of these areas.

There have been no limitations made on the scope of Internal Audit coverage within the year.

2 Internal Audit Assurance for 2022-23

2.1 Internal Audit Opinion

For the year ending 31 March 2023, based on the work we have undertaken, my opinion is that Rotherham Metropolitan Borough Council had overall an adequate and effective framework of governance, risk management and control.

2.2 Scope of the opinion

In arriving at that opinion, I have taken into account

- The results of all internal audits undertaken during the year (see Appendix A for a summary of audits)
- The results of follow up action taken in respect of audits from previous years
- The appropriateness of the proposed action by management to address control weaknesses and consequent risks
- Matters arising from previous reports or other assurance providers to the Audit Committee and/or the Council
- No limitations having been placed on the scope of internal audit
- No resource constraints having been imposed on us which may have impacted on our ability to meet the full audit needs of the Council; and
- Where weaknesses have been identified, the action plans in place to address those weaknesses.

2.3 The basis of the opinion

In reaching this opinion the following factors were taken into particular consideration:-

Governance

The council's governance framework comprises a range of policies, procedures and processes. At the highest level this includes the Council Plan and the Year Ahead Plan. They are supported by a range of policies and strategies to ensure that governance is applied throughout the Council. During the year there were reviews of HR Policies, the Annual Governance Statement and, Complaints. In addition, many of the other audits undertaken touched on the implementation of the policies and strategies.

A Corporate Governance Group operated during the year, comprising the Corporate Improvement and Risk Manager and the Head of Internal Audit. The group produced the annual review of the RMBC Code of Corporate Governance based on the seven principals from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) guidance on 'delivering good governance', published in 2016. This was updated and presented to the Audit Committee in November 2022.

The group has the following roles:

- Have oversight of the Code of Corporate Governance, including its implementation, review and revision on at least an annual basis
- Coordinate the production of the Annual Governance Statement and the assurances needed to underpin it
- Review the progress being made to address the issues reported in the previous year's Annual Governance Statement
- Ensure that recommendations from external bodies are appropriately followed up and reported to the Audit Committee
- Be responsible for responding to any ad hoc governance issues as required.

The group has prepared and drafted the Annual Governance Statement. To do so the group issued corporate governance self-assessment questionnaires to Assistant Directors and asked for Statements of Assurance from Strategic Directors and Statutory Officers. This process provided an opportunity for senior officers to consider the effectiveness of governance arrangements. The Statement explains how Rotherham MBC complies with its own Code of Corporate Governance, in line with the seven principles from CIPFA/SOLACE.

Risk Management

Risk management has been maintained throughout the year. There is a hierarchy of risk registers dealing with strategic and operational risks at SLT, DLT and service level. These are regularly reviewed, discussed and amended to ensure they remain up to date. Risks are escalated to strategic level as necessary. The Audit Committee reviewed the strategic risk register in July 2022 and January 2023, and Directorate risk registers on a rolling basis throughout the year. A review of Risk Management was undertaken during the year, giving Substantial Assurance.

Internal Control

Our opinion on the Council's control environment is based on our assessment of whether the controls in place in the services and functions subject to audit support the achievement of the Council's objectives, as set out in the 2022-23 Annual Audit Plan and the individual audit reports issued.

Audits were carried out in all areas of the Council during the year. The overall level of control found in audits was good. 87% of audits resulted in a Substantial or Reasonable Assurance opinion, including 53% with Substantial Assurance. During 2022-23, 107 recommendations were made to improve the internal control, risk management and governance arrangements across the Council. Of these, 9 were in the highest category (red). There were five Partial Assurance audit opinions in the year and one No Assurance:

Partial Assurance

- | | |
|-------------------------|-------|
| • Rothercare | ACHPH |
| • Health Funded Clients | ACHPH |
| • Enforcement | R&E |
| • Building Security | R&E |
| • S278 Agreements | R&E |

No Assurance

- | | |
|-------------------|-----|
| • Tree Management | R&E |
|-------------------|-----|

This has been included in the Annual Governance Statement.

A comparison with the previous year shows assurance levels were at similar levels. In 2021-22, 85% of audits resulted in a Substantial or Reasonable opinion, including 43% with Substantial Assurance. During 2021-22, 124 recommendations were made. Of these, 3 were in the highest category (red). There were four Partial Assurance audit opinions in the year.

Summary results are given in **Appendix A** together with definitions of the assurance levels and recommendation categories.

2.4 Other evidence taken into account for the annual audit opinion.

In forming our opinion, we also take into account the findings from external reviews of the Council's activities. The Corporate Improvement and Risk Officer presents a six-monthly report that details recent and current external audits and inspections, including the details of arrangements that are in place regarding the accountability and governance for implementing recommendations arising from these. Reports were submitted to Audit Committee in July 2022 and January 2023.

Two reports by the Local Government and Social Care Ombudsman were reported to the Audit Committee in April 2022 including one which was a Public Interest Report. In both cases comprehensive measures have been put in place to ensure any similar issues will be dealt with correctly in the future.

3. Review of the Service

3.1 Resources

During the year one of the Principal Auditors took flexible retirement, reducing his working time to two days a week. Together with the saving because one member of the team works four days a week and another only works during term time, this meant that another Senior Auditor could be recruited. The appointment was made internally, but the resultant vacancy at Auditor level was not filled until the new financial year. This had a small impact on the overall level of resources available within the year.

Nevertheless, it is the opinion of the Head of Internal Audit that resource levels throughout the year provided sufficient capacity to provide an adequate level of assurance to the Audit Committee and the Strategic Director of Finance and Customer Services. As a result of careful management of our resources and significant effort by a very small team, sufficient work was completed during 2022-23 to enable the Head of Internal Audit to provide his overall opinion.

After the year end the Head of Internal Audit announced his retirement in August 2023. Work is ongoing to recruit a replacement.

3.2 Audit Plan

The audit plan was originally prepared in early 2022 and presented to the Audit Committee in March 2022. The plan was designed to maintain a balanced programme of work that would inform Internal Audit's annual opinion on the overall adequacy of the Council's control environment.

A half-year review of the plan was undertaken. This did not result in any significant changes to planned audits but enabled a realignment of planned days from investigations where none had been started at that time, to grants to allow for additional work. The plan was reviewed throughout the year to allow for the changing situation.

During the planning consultations for 2023/24 management requested audits to be carried out as soon as possible. These were added to the current plan, resulting in some audits being delayed. At the end of the financial year there is always a small proportion of the plan that remains to be completed. The remaining work was therefore considered, and decisions taken on each outstanding project to either complete it, move it to the 2023-24 plan or cancel it.

3.3 Level of Audit Coverage during the year

The number of audit days spent in each area compared to the original and revised plan is given in the table below.

Audit Area	Original Plan Days	Revised Plan Days	Actual Days
Assistant Chief Executive	105	95	121
Adult Care and Housing	105	115	139
Children and Young People Services	110	100	130
Finance and Customer Services	250	250	219
Regeneration and Environment	125	160	182
Investigations	150	75	70
Contingency	50	30	
Anti-Fraud	25	25	40
Grants	50	100	101
Follow Up reviews	20	0	
Software Development	30	30	10
Total	1000	980	1012

The plan is always flexible and subject to change during the year. The number of days planned for audits at the start of the year is reviewed when the audit is scoped in detail and is also subject to change depending on the findings.

The original plan showed 52 audits to be completed in 1000 days. There is always a time lag in terms of the dates of audits, with the audit plan for any year not being completed at the end of March but in April/May. Additions and deferrals also make comparison of actual work completed against the plan more difficult, and some investigation work results in reports with recommendations to correct weaknesses. However, within 2022-23, 47 final reports were issued. In addition, at year end there were another 4 audit reviews that had been completed, with the reports in draft form. In overall terms, this shows that the plan was substantially achieved.

3.4 Summary of Findings from Audit Reviews.

Internal Audit provides an opinion on the control environment for all systems, services or functions which are subject to audit review. These are taken into account when forming our overall annual opinion on the Council's control environment. All final audit reports are issued to the appropriate Strategic Director, Assistant Director and Service Manager. In addition, where an opinion of partial or no assurance is given, the final report is also sent for information to the Chief Executive. A summary of the results of reports issued during 2022-23 is given in **Appendix A**.

3.5 Reporting of Audit Findings.

After reports are finalised Internal Audit subsequently seeks assurance that agreed actions emanating from audit work have actually been implemented. As a minimum this involves the manager responsible updating automated audit software with an assurance that agreed actions have been implemented or, where they have not, appropriate progress is being made. Where an audit results in a Partial or No Assurance opinion a follow up review is undertaken.

SLT receive a summary report based on the Progress Reports presented to the Audit Committee, showing progress against the plan, reports issued and outstanding recommendations.

3.6 Implementation of Audit Recommendations

All actions arising from audit recommendations are tracked automatically. The number of aged outstanding actions is reported to the Audit Committee at each meeting. There will always be valid reasons for some implementation dates not being achieved, so some delays will occur in the future, but they are strictly monitored to ensure they are kept to a reasonable level.

3.7 Investigations

There were no fraud investigations completed during the year, however three investigations commenced before the year end. The low number of investigations can partly be attributed to the strong internal controls and sound governance procedures in place. When investigations are carried out Internal Audit also reviews the issues arising from the irregularities investigated, and where appropriate carries out wider testing to obtain either assurance or ascertain areas where improvements are needed. There is an Anti-Fraud and Corruption Strategy and Policy in place which include various actions and standards to manage fraud and corruption. During the year 70 days were spent on investigations. There was no pattern to the subjects of the investigations, and none were significant in terms of the governance of the Council.

3.8 Anti-Fraud work

The Head of Internal Audit is one of the three Whistleblowing Officers who manage the response to any whistleblowing allegations.

The department completed the following:

- The Anti-Fraud and Corruption Policy and Strategy were updated and presented to the Audit Committee in September 2022. They were subsequently entered onto the Intranet.
- Continued to work on the National Fraud Initiative to identify errors and fraud.

3.9 Advisory work

A further 29 days were spent on Advisory work. This includes work that does not result in an audit report but adds value to the Council by contributing to working groups or providing advice.

3.10 Grants

During the year the department spent 96 completing reviews in accordance with the grant funding body requirements for the following grants.

- Troubled Families
- Local Transport Capital Block Funding
- Disabled Facilities
- Pothole and Challenge fund
- Protect and Vaccinate Grant
- Contain Outbreak Management Fund
- Prevention and Promotion for Better Mental Health Fund
- Drug and Alcohol Grant
- Practice Support Payment Scheme Funding Grant
- Test and Trace Support Payment Scheme Funding Grant
- Rotherham Show
- Individual Placement support

All were found to be accurately compiled and in accordance with the grant criteria.

3.11 Schools

During the year, maintained schools completed a Control and Risk Self-Assessment exercise, managed by Internal Audit, with the results reported to CYPS management and the schools. Based on the results a themed review of VAT & Taxation, Asset Management and Safeguarding was completed with the results reported to CYPS management.

3.12 ICT Audits

During the year we engaged the services of another local authority's ICT Internal Audit Team who have over thirty other public sector clients. Based on a detailed risk assessment of our ICT risks they completed two audits during the year.

3.13 South and West Yorkshire Audit Group

The Council's Internal Audit Service is a member of the South and West Yorkshire Internal Audit Groups. This facilitates comparisons and the sharing of best practice and includes groups for Heads of Internal Audit, Investigations, Contracts and Procurement, Children's Services, Adults Services, Computer specialists and Communities and Environment services.

3.14 External work

During the period Internal Audit provided audit services on a fee earning basis to a Multi Academy Trust. Since academies are separate legal entities to the Council, this work does not have any impact on our overall opinion of the Council's control environment. The findings, recommendations and conclusions arising from these engagements are therefore not reported to the RMBC Audit Committee.

3.15 Internal Audit Performance Indicators

Our performance against a number of key indicators is summarised below:

Performance Indicator	2021-22 Actual	2022-23 Target	2022-23 Actual
Draft reports issued within 15 days of field work being completed.	84%	90%	94%
Productive Time / Total Time.	78%	80%	83%
Audits completed within planned time.	95%	90%	94%
Client Satisfaction Survey.	100%	100%	99%

Fourteen Client satisfaction surveys were returned by management after audits were completed, which represents around a 30% response rate. Each survey includes seven questions, giving a total of 98 questions answered. 97/98 responses were positive.

Analysis Of Internal Audit Opinions and Recommendations Made in 2022-23

The table below shows a summary of the audit opinions and recommendations that have arisen from audit work completed during the period.

<i>Audit Area</i>	<i>Audit Opinions</i>					<i>Number of Recommendations Made</i>			
	<i>Substantial Assurance</i>	<i>Reasonable Assurance</i>	<i>Partial Assurance</i>	<i>No Assurance</i>	<i>Total</i>	<i>red</i>	<i>amber</i>	<i>green</i>	<i>Total</i>
Assistant Chief Executive	3	2	0	0	5	0	1	11	12
Adult Care Housing and Public Health	3	2	2	0	7	3	8	19	30
Children and Young Peoples Services	4	2	0	0	6	0	5	6	11
Finance and Customer Services	9	4	0	0	13	0	5	29	34
Regeneration and Environment	6	6	3	1	16	6	7	7	20
Total	25	16	5	1	47	9	26	72	107

APPENDIX A

Rating	Definition
Substantial Assurance	Substantial assurance that the system of internal control is designed to minimise risks to the achievement of the service's objectives. The controls tested are being consistently and effectively applied.
Reasonable Assurance	Reasonable assurance that the system of internal control is designed to minimise risks to the achievement of the service's objectives. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at a Low risk.
Partial Assurance	Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at a Medium risk in a significant proportion of the areas reviewed.
No Assurance	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable High level of risk.

Recommendation categories

Red Fundamental (Action considered necessary to avoid exposure to high risk)

Amber Significant (Action considered necessary to avoid exposure to a significant risk)

Green Merits Attention (Action desirable to enhance control or value for money)