

Committee Name and Date of Committee Meeting

Audit Committee – 23 June 2020

Report Title

Internal Audit Annual Report 2019-20.

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)

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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 2019-20 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 2019-20.

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 2019-20. However, at the end of the year the effect of the response to Covid-19 may have impacted on that adequacy and effectiveness.

Recommendations

The Audit Committee is asked to:

1. Note the Internal Audit work undertaken during the financial year 2019/20 and the key issues that have arisen from it.
2. Note the overall opinion of the Head of Internal Audit.
3. Note the information contained regarding the performance of Internal Audit during 2019/20.

List of Appendices Included

Appendix 1 Internal Audit Annual Report 2019-20.

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 2019-20.

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 2019. 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 2019/20, 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 The emergency measures implemented in response to Covid-19 at the end of the year and into 2020/21 have resulted in changes to procedures and control arrangements. It is not yet possible to quantify the additional risk arising from these measures or the overall impact on the framework of governance, risk management and control.
- 2.3 We gave an opinion of Partial Assurance in ten areas subject to audit. We did not issue any No Assurance audit opinions during the year.
- 2.4 We can confirm that action plans have been agreed with management in respect of all final audit reports issued.
- 2.5 There was a substantial level of sickness absence within the Internal Audit team during 2019-20 with 100 days sickness being recorded, mostly in the last four months. In addition, towards the end of March most of the audit team was supporting the Finance department in processing applications for Business Support Grants. However, 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.

- 2.6 Public Sector Internal Audit Standards (PSIAS) require that an assessment of the Internal Audit function must be undertaken annually. The internal assessment in February 2020 showed general conformance with the standards, which matched the assessment the previous year. The planned external assessment had to be postponed until 2020-21 because of Covid-19 and the lockdown. The most recent external assessment in late 2015 had shown non-conformance.
- 2.7 A Quality Assurance and Improvement Programme (QAIP) was put into place during 2019 with the results intended to be reported to the Audit Committee in March 2020 but now reported to this committee. This shows 18 of the 26 actions had been completed, with 4 considered not applicable. An updated QAIP based on the internal assessment has been produced to maintain and increase the level of conformance within the team. This has 7 recommendations and suggestions which will be actioned and monitored during 2020.

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 23rd June 2020 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 2019/20. 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	4	4	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 management teams to ensure plan is up to date. Progress reports provided to Audit Committee.

resources to complete work to support the annual opinion. Risk increased due to allocation of staff to operational work due to the response to Covid-19			Review content of Audit Plan quarterly to ensure it reflects key risks across Council. Resources monitored to ensure sufficient to complete the plan. Plan for 2020/21 to be revised to account for fewer resources and to include consideration of changes to procedures.
Management introduce new systems / processes with inadequate controls. May have happened in the response to Covid-19	4	5	Contact with SLT / DLT's over current developments. Requested information on the changes in order to consider them for review. Consultation with DLT's and SLT. Promote IA in SLT and DLTs. Review of projects in Customer Services and Efficiency Programme. Review changes to systems for possible inclusion in plan.
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 management (responsive work). Has happened in the response to Covid-19	4	5	Risk-based approach to audit planning. Robust task/time management process. Progress reports to Audit Cttee. Complete audits of corporate and directorate financial systems. Review changes to systems for possible inclusion in plan

13. Accountable Officer(s)

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

Rotherham Metropolitan Borough Council

Internal Audit Annual Report 2019/20

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 2019/20 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 2019/20 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

A self-assessment against the standards was completed in January 2019 with the results reported to the Audit Committee in January 2019. The Internal Audit Service was assessed as generally conforming to the Standards. The assessment resulted in the development of a QAIP for 2019. During 2019, 18 of the 26 actions were completed, with another 4 considered to be not applicable. Another self-assessment was completed in February 2020. The self-assessment showed that general conformance with the standards had been maintained. An updated QAIP was then produced to continue the improvement during 2020. This will be implemented and monitored during 2020.

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.

It was intended that the internal self-assessment would be validated by an external peer review, however this had to be postponed due to the impact of Covid-19. It is now planned to take place later in 2020. This does not affect compliance with the requirement to have an external assessment at least every five years, as the previous external assessment was completed at the end of 2015.

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 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.

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.

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

Towards the end of the year the team supported the Finance department in processing applications for Business Support Grants as a result of Covid-19. That support is ongoing. Whilst working operationally is contrary to the Charter, the work is in one small area of the Authority and does not affect the overall independence of the department. One member of the team has not been involved in the support and will be available to audit the operation in 2020/21.

2 Internal Audit Assurance for 2019/20

2.1 Internal Audit Opinion

For the year ending 31 March 2020, 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 Post Year End

The opinion given above is based on internal audit work undertaken and completed prior to emergency measures being implemented in response to Covid-19 at the end of the year and into 2020/21. These emergency measures have resulted in changes to procedures and control arrangements. It is not yet possible to quantify the additional risk arising from these measures or the overall impact on the framework of governance, risk management and control.

2.3 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.

2.4 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, which is monitored and reported on regularly. It is supported by a range of policies and strategies to ensure that governance is applied throughout the Council. During the year there was a review of Schemes of Delegation. 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, chaired by the Strategic Director Finance and Customer Services and comprising the Corporate 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 2019.

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 developed and improved 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. Risk management training continued to be delivered to Directors and managers during the year. The Audit Committee reviewed the strategic risk register in July 2019 and February 2020, and Directorate risk registers on a rolling basis throughout the year.

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 2019/20 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. No area stood out as being worse than the others. 77% of audits where an assurance level was given resulted in a Substantial or Reasonable assurance level, and no audits resulted in a No Assurance opinion. During 2019/20, 227 recommendations were made to improve the internal control, risk management and governance arrangements across the Council. Of these, 11 were in the highest category (***).

A comparison with the previous year shows an overall increase in the assurance levels. In 2018/19, 68% of audits resulted in a Substantial or Reasonable opinion and there were 3 reviews resulting in a No Assurance opinion. During 2018/19, 164 recommendations were made. Of these, 11 were in the highest category (***). The increase in recommendations this year has been in the lowest category (*).

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

2.5 Resources

Throughout the year the audit team has been almost fully staffed, with an actual staffing of 7.67 fte against an establishment of 8 fte. The difference arises because one member of the team works four days a week and another only works during term time. This level of staffing was accounted for in the Internal Audit Plan agreed in March 2019.

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 2019/20 to enable the Head of Internal Audit to provide his overall opinion.

2.6 Revisions to the Audit Plan

In accordance with PSIAS, a detailed review of the Audit Plan was regularly undertaken. In particular a review was undertaken at the half-year to arrive at a revised plan. The factors taken into account as part of this review were as follows:

- The imperative to deliver a balanced programme of work that would inform Internal Audit's annual opinion on the overall adequacy of the Council's control environment;
- Any changes to our risk assessment of specific services, functions or systems during the year;

The changes arising from this review were presented to the Audit Committee in November 2019. Any further changes were presented to the Audit Committee as they arose.

At the end of the financial year there is always a small proportion of the plan that remains to be completed. On this occasion resources were not available after the year end as the majority of the team was allocated to operational work. The remaining work was therefore considered and decisions taken on each outstanding project to either complete it, move it to the 2020/21 plan or cancel it.

2.7 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
Corporate	55	55	50
Assistant Chief Executive	135	115	165
Adult Care and Housing	110	105	99
Children and Young People Services	185	185	137
Finance and Customer Services	185	145	151
Regeneration and Environment	110	90	134
Investigations and Advice / Consultancy	250	250	208
Contingency	40	25	
Anti-Fraud	30	30	14
Grants	50	50	52
Operational work	0	0	26
Total	1150	1050	1036

The plan is produced after taking into account estimated unproductive time. There was an unusual amount of sickness during the year, amounting to 100 days.

Towards the end of the year 26 days were spent on operational work in support of the response to Covid-19.

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 67 audits to be completed in 1150 days. After a mid-year review this was changed in September 2019 to 56 audits in 1050 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 2019/20, as can be seen in Appendix A, 44 final reports were issued, plus 10 investigation reports. In addition, at year end there were another 5 audit reviews that had been completed, with the reports in draft form. In overall terms, this shows that the plan was substantially achieved.

2.8 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.

2.9 Management Response to Audit Reports.

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 fundamental weaknesses in internal control arrangements have been identified, a more detailed follow up piece of work is undertaken.

All audit recommendations are tracked automatically. A report on aged outstanding actions is presented to the Audit Committee at each meeting. This has proved difficult to clear. At the start of the year there were 49 overdue outstanding actions. During the year this reduced to as little as 19, but by the end of the year had risen to 46. Meetings have taken place with all DLTs and the frequency and timing of reminders have been changed towards the end of the year to reduce the number of overdue actions.

2.10 Reporting to the Senior Leadership Team

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.

2.11 Investigations and Advisory/Consultancy work

During the year 161 days were spent on investigations. 10 were completed during the year with 1 ongoing. There was no pattern to the subjects of the investigations, and none were significant in terms of the governance of the Council. A further 47 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.

2.12 Anti-Fraud work

During the year the Head of Internal Audit was designated as one of the three Whistleblowing Officers and contributed to the update of the whistleblowing Policy.

The department completed the following:

- The Anti-Fraud and Corruption Policy and strategy were updated and presented to the Audit Committee in November 2019. They were subsequently entered onto the Intranet.
- Continued to work on the National Fraud Initiative to identify errors and fraud.

2.13 Grants

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

- Troubled Families
- Local Transport Capital Block Funding
- Disabled Facilities Grant
- Community Coordinator
- NPFI Scheme – College Road
- Bus Service Operators

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

2.14 Summary of Other Evidence taken into Account for Control Environment Opinion.

In forming our opinion, we also take into account the findings from external reviews of the Council's activities. The Corporate Risk Manager 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 June and November 2019.

2.15 External work

During the period Internal Audit provided audit services on a fee earning basis to two academies. 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.

2.16 Internal Audit Performance Indicators

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

Performance Indicator	2018/19 Actual	2019/20 Target	2019/20 Actual
Draft reports issued within 15 days of field work being completed.	97%	90%	84%
Chargeable Time / Total Time.	72%	72%	63%
Audits completed within planned time.	89%	90%	95%
Client Satisfaction Survey.	100%	100%	98%

Performance has been affected by long term sickness between December 2019 and March 2020.

APPENDIX A

Analysis Of Internal Audit Opinions and Recommendations Made in 2019/20

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

Audit Area	Audit Opinions						Number of Recommendations Made			
	Substantial Assurance	Reasonable Assurance	Partial Assurance	No Assurance	No opinion given	Total	red	amber	green	Total
Corporate	1	0	1	0	0	2	0	3	0	3
Assistant Chief Executive	1	6	3	0	0	10	1	31	22	54
Adult Care Housing and Public Health	1	5	2	0	0	8	2	14	27	43
Children and Young Peoples Services	2	2	2	0	0	6	3	9	21	33
Finance and Customer Services	4	5	1	0	0	10	1	12	31	41
Regeneration and Environment	4	3	1	1	0	8	1	4	24	29
Investigations					10	10				
Total	13	21	10	0	10	54	11	87	132	227

APPENDIX A

Rating	Definition
Substantial Assurance	<p>Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk.</p> <p>The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature (1 star) to further strengthen control arrangements.</p>
Reasonable Assurance	<p>Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at risk.</p> <p>There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium (2 star) priority.</p>
Partial Assurance	<p>Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at risk in a significant proportion of the areas reviewed.</p> <p>There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations may include high priority (3 star) and medium priority (2 star) matters.</p>
No Assurance	<p>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 level of risk.</p> <p>There is significant non-compliance with basic controls which leaves the system open to error and / or abuse. Recommendations will include high priority (3 star) matters and may also include medium priority (2 star) matters.</p>

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)