

AUDITS COMPLETED AND REPORTS ISSUED

The following categories of opinion are used for audit reports.

Opinion	Level of Assurance
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Actions to address issues are agreed with managers where weaknesses in control are identified. The following categories are used to classify agreed actions.

Priority

1 (High)

Long Definition

Action considered both critical and mandatory to protect the organisation from exposure to high or catastrophic risks. For example, death or injury of staff or customers, significant financial loss or major disruption to service continuity.

These are fundamental matters relating to factors critical to the success of the area under review or which may impact upon the organisation as a whole. Failure to implement such recommendations may result in material loss or error or have an adverse impact upon the organisation's reputation.

Such issues may require the input at Corporate Director/Assistant Director level and may result in significant and immediate action to address the issues raised.

Short Definition – for use in Audit Reports

A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.

Priority

Long Definition

Short Definition – for use in Audit Reports

2

Action considered necessary to improve or implement system controls so as to ensure an effective control environment exists to minimise exposure to significant risks such as financial or other loss.

A significant system weakness, whose impact or frequency presents risks to the system objectives, and which needs to be addressed by management.

Such issues may require the input at Head of Service or senior management level and may result in significantly revised or new controls.

3

Action considered prudent to improve existing system controls to provide an effective control environment in order to minimise exposure to significant risks such as financial or other loss.

The system objectives are not exposed to significant risk, but the issue merits attention by management.

Such issues are usually matters that can be implemented through line management action and may result in efficiencies.

Draft Reports Issued

Ten internal audit reports are currently in draft. These reports are with management for consideration and comments. Once the reports have been finalised, details of the key findings and issues will be reported to this committee.

Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in September 2016. In all cases the actions have been agreed with management, and will be followed up by internal audit when the due date is reached.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Housing Rents	Substantial Assurance	0	0	3	The audit reviewed procedures and controls relating to rents administration, including billing and recovery. The system was found to be operating well, with some relatively minor issues identified.
Petty Cash	Substantial Assurance	0	0	2	The audit reviewed the central administration of petty cash funds as well as the processes at a sample of individual locations where funds were held.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
					Petty cash was found to be well managed. A few small areas for improvement were identified.
St Paul's Nursery	Substantial Assurance	0	0	8	A routine audit of financial, operational and governance procedures at the school. Systems were generally working well.
Use of Interims, Specialists and Consultants	Reasonable Assurance	0	3	0	<p>This was a review of interims, specialists and consultants employed by the council. The audit built on initial work carried out in 2015/16.</p> <p>Whilst the number of consultants engaged by the council has significantly reduced, improvements are required to procedures.</p> <p>The council needs to agree on a formal definition for interims, specialists and consultants as well as establishing a framework to allow the most efficient route for employing staff of this nature in the future.</p>

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Schools Themed Audit – Information Governance	Limited Assurance	0	4	4	<p>This was an audit of the processes that schools have implemented to comply with the key requirements of the Data Protection and Freedom of Information Acts. A questionnaire was sent to a sample of schools and follow-up testing was carried out based on the responses.</p> <p>The testing identified a number of areas requiring improvement, including:</p> <ul style="list-style-type: none"> • Awareness of Data Protection roles and responsibilities. • The existence of policies and procedures. • Back up data and how it can be restored. • Encryption of portable storage devices.