

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

Eight 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 December 2018. 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	
Adult Education	Reasonable Assurance	0	3	8	A review of income collection, funding arrangements and sub-contracting. The audit found that arrangements for managing funding and income were sufficient to ensure that they were correctly accounted for overall. However, weaknesses were found in a number of areas - particularly in relation to the audit trail for individual students, making it difficult to reconcile income, discounts granted and refunds.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Housing Performance	No Opinion Given	0	0	0	This was a review of the use of Housemark, a piece of benchmarking software utilised by the council. It provided some conclusions which the service will now consider when making a decision on whether to continue with its use.
Information Security Checks	Reasonable Assurance	0	3	0	An assessment of the extent to which personal, sensitive and confidential data is exposed to risk. The audit identified a number of areas for improvement.
Payroll	Substantial Assurance	0	2	4	An audit of key controls and risk relating to the payroll function. It found that processes were generally working well but improvements could be made in relation to retaining leaver information for an appropriate length of time.
Provision of School Places	No Opinion Given	0	0	0	This audit reviewed the project against the requirements of the corporate project management framework. It was found that key project controls were found to be in operation and working effectively. Some variances to the

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
					framework were identified but this was reasonable considering the nature of the project.
Section 117 of the Mental Health Act (follow-up)	No Opinion Given	0	2	0	This was a follow-up of an audit completed in 2016 which provided an opinion of Limited Assurance. It found that reasonable progress had been made but general procedural documentation and aftercare arrangements require completion.
Wenlock Terrace	Reasonable Assurance	0	5	3	This was a review of contract management arrangements with a provider of residential care services for children. It found no issues relating to the provision of care but there was a lack of clear responsibility for managing the contract as well as some breaches of the contract procedure rules.