**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[1] | 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. |

[1] Previously 'moderate'

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

| Priority | Long Definition | Short Definition – for use in Audit Reports |
|---|---|---|
| 1 (High) | 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.<br><br>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.<br><br>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. | A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management. |
| 2 | Action considered necessary to improve or | A significant system weakness, whose impact |

| Priority | Long Definition | Short Definition – for use in Audit Reports |
|---|---|---|
| | implement system controls so as to ensure an effective control environment exists to minimise exposure to significant risks such as financial or other loss.<br><br>Such issues may require the input at Head of Service or senior management level and may result in significantly revised or new controls. | or frequency presents risks to the system objectives, and which needs to be addressed by management. |
| 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.<br><br>Such issues are usually matters that can be implemented through line management action and may result in efficiencies. | The system objectives are not exposed to significant risk, but the issue merits attention by management. |

**Draft Reports Issued**

Nineteen 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. The draft reports are categorised as follows:

| Opinion | Number |
|---|---|
| High Assurance | 3 |
| Substantial Assurance | 8 |
| Moderate Assurance | 6 |
| Limited Assurance | 2 |
| No Assurance | 0 |
| Not given | 0 |

**Final Reports Issued**

The table below shows audit reports finalised since the last report to this committee in September 2014. The findings have been accepted by management, and actions agreed with them to address issues found.

| Audit | Opinion | Number of Agreed Actions | | Work done / significant weaknesses / issues identified |
|---|---|---|---|---|
| | | Total | Priority 1 | |
| Corporate Procurement | Substantial Assurance | 2 | 0 | Controls were generally found to be appropriate and operating effectively. |

| Audit | Opinion | Number of Agreed Actions | | Work done / significant weaknesses / issues identified |
| | | Total | Priority 1 | |
|-------|---------|-------|------------|---------------------------------------------------------|
| | | | | The two issues identified relate to monitoring compliance with corporate contracts and maintaining records of waivers from Financial Regulations. |
| Danesgate Community | Substantial Assurance | 7 | 0 | A schools audit. The control environment was generally effective although a number of areas requiring improvement were identified. |
| Poppleton Road Primary School | High Assurance | 4 | 0 | A schools audit. No significant weaknesses were found. |
| Ralph Butterfield Primary School | Substantial Assurance | 8 | 0 | A schools audit. The control environment was generally effective although a number of areas requiring improvement were identified. |
| Staff Lottery | Substantial Assurance | 4 | 0 | The lottery has been successful in providing support to projects promoting staff wellbeing. Financial records clearly show what projects have been funded by the lottery. Information on the operation of the lottery and use of funds is made available to lottery members. |

| Audit | Opinion | Number of Agreed Actions | | Work done / significant weaknesses / issues identified |
| --- | --- | --- | --- | --- |
| | | Total | Priority 1 | |
| | | | | It was found that the arrangements relating to preparation and checking of information for draws are generally sound. Some improvements could be made to ensure processes are accurate and transparent. In addition, updates to the constitution would ensure that the administration of the lottery and decisions about spend suggestions are made as fairly as possible. |
| York High School | High Assurance | 3 | 0 | A schools audit.  No significant weaknesses were found. |