

**CITY OF YORK COUNCIL
INTERNAL AUDIT RISK ASSESSMENT CRITERIA**

5 is high 1 is low	Weight	Criteria	SCORE				
			5	4	3	2	1
Materiality	3	<ul style="list-style-type: none"> Financial transactions 	Annual income/ expenditure over £2M		Annual income/ expenditure over £500k but less than £2m		Annual income /expenditure less than £500k
		<ul style="list-style-type: none"> Volume of transactions 	Volume of transactions over 10,000 per annum		Volume of transactions between 1,000 and 9,999		Volume of transactions less than 1,000 per annum
		<ul style="list-style-type: none"> Quality of budgetary control arrangements 	Very poor. Non-existent or inadequate budget monitoring systems and arrangements. Little or no regular monitoring and frequent material budget variances.	Poor. Budget monitoring systems exist but often ineffective. Limited budget monitoring and performance often outside acceptable limits.	Satisfactory. Budget monitoring systems exist but not always effective. Actual performance often within acceptable limits	Good. Budget monitoring systems exist and generally effective. Actual performance normally within acceptable limits	Excellent. Fully developed and effective budget monitoring systems and arrangements. Actual performance always within acceptable limits.
		<ul style="list-style-type: none"> Pupil Numbers 	500+	250-500	200-250	150-200	0-150
		<ul style="list-style-type: none"> Turnover (Income plus expenditure) 	£2M+	£1.5M-£2M	£1m-£1.5M	£500k-£1M	£0-£500K
Complexity	3	<ul style="list-style-type: none"> Processing Routines 	Highly complex and requiring detailed technical knowledge to operate. Likely to involve more than one IT application and many staff. Significant scope for error.	Complex. Likely to involve one or more IT applications. Detailed technical knowledge required to operate. Errors likely to occur.	Some complexity. Likely to be based on one IT application. Some detailed technical knowledge required to operate. Errors may occur but unlikely to be significant.	Relatively simple. Likely to be based on manual process or one IT application. Limited knowledge required to operate. Errors may occur but unlikely to be significant.	Simple. Manual process requiring only a limited number of staff. No detailed knowledge required to operate.

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		<ul style="list-style-type: none"> Number of staff employed 	Over 200	Between 100 and 200	Between 50 and 100	Between 10 and 50	Less than 10
		<ul style="list-style-type: none"> Type of establishment 	Secondary		Primary Special		Adult Learning
Fraud and Corruption	1	<ul style="list-style-type: none"> Significant cash handling operation, Previous history of problems (fraud investigations, and/or thefts) Existence of valuable assets Asset security High staff turnover Low staff morale 	High inherent risk. Fraud investigation conducted and/or financial irregularities found within the last five years. High staff turnover and/or low morale.		Medium inherent risk. Some minor financial irregularities discovered or suspected. Normal levels of staff turnover.		Low inherent risk. No actual or suspected fraud or financial irregularity.
Stability	2	<ul style="list-style-type: none"> System stability New service area Changes in key staff 	Major system change and / or new service area. Changed management arrangements or service reorganisation. Very high staff turnover.	Changes to systems and / or service responsibilities. High staff turnover.	Some changes to systems and / or service responsibilities. Normal levels of staff turnover.	Some limited changes to systems and / or service responsibilities. Lower than normal levels of staff turnover.	Highly stable. No changes to systems or management arrangements.
		<ul style="list-style-type: none"> Reserves/Deficit 	Reserves £150+ or Deficit £100k+	Reserves £100k - £150k or Deficit £50k-£100k	Reserves £50k-£100k or Deficit £0-£50k	Reserves £20k-£50k	Reserves £0-£20K

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Management Arrangements	1	<ul style="list-style-type: none"> Reporting arrangements Local systems 	Very poor. Non-existent or inadequate management, service planning and performance monitoring systems and arrangements. Performance targets not set.	Poor. Management arrangements considered to be ineffective. Performance targets set but generally not achieved.	Satisfactory. Service planning and performance management arrangements exist but not always effective. Actual performance often within acceptable limits	Good. Service planning and performance management arrangements exist and generally effective. Actual performance normally within acceptable limits	Excellent. Fully developed and effective service planning and performance monitoring systems in place. Actual performance always within acceptable limits.
		<ul style="list-style-type: none"> External bodies control assessment 	No opinion available or Unsatisfactory	Poor	Satisfactory	Good	Very Good
Control Environment	3	<ul style="list-style-type: none"> Recent audit findings Senior Manager opinion Existence of adequate strategies, policies and procedures Quality of direct supervision and management History of under/over spends Existence and adequacy of written procedures 	Very poor. Non-existent or inadequate control framework. No written procedures and history of significant errors, under performance and/or system failures.	Poor. Control framework ineffective. Written procedures may exist but inadequate. Errors, under performance and/or system failures often occur.	Satisfactory. Control framework exists but not always effective. Actual performance often within acceptable limits.	Good. Control framework exists and generally effective. Actual performance normally within acceptable limits	Excellent. Fully developed and effective control framework. Actual performance always within acceptable limits.
		<ul style="list-style-type: none"> Audit Opinion 	Not Acceptable Or No Assessment	Weak	Acceptable		High Standard
		<ul style="list-style-type: none"> Time Since Last Audit 	36+ mths	30-36 mths	18-30 mths	12-18 mths	0-12 mths
Risk Management Assessment (Magique)	3	<ul style="list-style-type: none"> Assessment of risks identified, quality of control framework and/or action plan 	See Magique				

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Inspection Regime	2	<ul style="list-style-type: none"> Views of Audit Commission (and, or other review agencies) 	No opinion available or Unsatisfactory	Poor	Satisfactory	Good	Very Good
		<ul style="list-style-type: none"> Time since last OFSTED visit 	36+ mths	30-36 mths	18-30 mths	12-18 mths	0-12 mths