

2010/11 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.
Moderate	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.

<u>Priority</u>	<u>Long Definition</u>	<u>Short Definition – for use in Audit Reports</u>
1 (High)	<p>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.</p> <p>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.</p> <p>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.</p>	<p>A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.</p>
2 (Medium)	<p>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.</p> <p>Such issues may require the input at Head of Service</p>	<p>A significant system weakness, whose impact or frequency presents risks to the system objectives, and which needs to be addressed by management.</p>

Priority

Long Definition

Short Definition – for use in Audit Reports

3 (Low)

or senior management level and may result in significantly revised or new controls.

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

6 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”	2
“Substantial Assurance”	1
“Moderate Assurance”	2
“Limited Assurance”	0
“No Assurance”	0
“Not given”	1

Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in September 2010. In all cases the recommendations made have been accepted by management, and will be followed up by internal audit.

Description	Date Final Report Issued	Opinion	Agreed Actions		Work done / significant weaknesses / issues identified
			Total number	Number which are priority 1	
Transport	20/8/10	Substantial Assurance	2	0	The service needs to consider whether the extent of checks on vehicles and the suitability of operators are sufficient. This will be reviewed as part of the change programme for transport.
Archbishop Holgate's School	21/9/10	High Assurance	4	0	A school establishment audit. No significant issues were found.
Ordering and Creditor Payments	27/9/10	Limited Assurance	17	4	The audit was completed in April 2010 and the issues were brought to the attention of this committee as part of the annual report of the Head of Internal Audit in June 2010. Further work has since been undertaken to clarify and agree the actions required. Progress will be reviewed as part of the 2010/11 audit which is currently underway.

Description	Date Final Report Issued	Opinion	Agreed Actions		Work done / significant weaknesses / issues identified
			Total number	Number which are priority 1	
Huntington Secondary School	26/10/10	High Assurance	3	0	A school establishment audit. No significant issues were found.
Huntington Primary School	2/11/10	High Assurance	1	0	A school establishment audit. No significant issues were found.
Section 106 Agreements	8/11/10	Moderate Assurance	9	0	A number of improvements to systems were agreed, including: <ul style="list-style-type: none"> • the establishment of a consolidated record of agreements • the need to update and standardise the format of some agreements • the further development of systems for monitoring planning obligations, and the adoption of open spaces.
Fulford Secondary School.	8/11/10	High Assurance	3	0	A school establishment audit. No significant issues were found.
Performance Indicators	9/11/10	None Given	0	0	A review of systems for producing performance indicators including arrangements for ensuring the accuracy of data. Systems were found to be generally good and the associated data robust. Issues were identified in a number of

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			Total number	Number which are priority 1	
					specific areas and these have been raised with the relevant departments.
Members Allowances	12/11/10	High Assurance	2	0	Minor recommendations were made in relation to the need to retain VAT receipts and the need to ensure forms are completed fully.
Copmanthorpe Primary School	16/11/10	High Assurance	3	0	A school establishment audit. No significant issues were found.
St Wilfrid's RC Primary School	24/11/10	Substantial Assurance	6	0	As school establishment audit. A number of minor issues were identified.