

**AUDITS COMPLETED AND REPORTS ISSUED**

The following categories of opinion are used for audit reports.

<b>Opinion</b>	<b>Level of Assurance</b>
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.

**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.

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

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.

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

**Priority**

**Long Definition**

**Short Definition – for use in Audit Reports**

3 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**

Three 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.

<b>Opinion</b>	<b>Number</b>
“High Assurance”	1
“Substantial Assurance”	1
“Moderate Assurance”	0
“Limited Assurance”	1
“No Assurance”	0
“Not given”	0

### Final Reports Issued

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

Audit	Date Of Final Report	Opinion	Number of Agreed Actions		Work done / significant weaknesses / issues identified
			Total	Priority 1	
Tax Management	14/01/13	High Assurance	0	0	A health check of VAT returns. All returns were submitted within the specified time scales and verification work was undertaken.
Telephones – Landlines & Mobiles	04/03/13	Limited Assurance	11	0	Policies were out of date, little to no usage monitoring was carried out prior to payment of bills, and formal arrangements were not in place. A number of audit actions were in the process of being carried out prior to the issue of this report and we anticipate that these will have already led to an improvement in the control environment. A full follow up audit will be undertaken in 2013/14.