

AUDIT COMMITTEE

25 SEPTEMBER 2014

INTERNAL AUDIT PROGRAMME

Report from: Internal Audit

Author: Alison Russell, Head of Internal Audit and Counter Fraud

Summary

To advise Members of progress in delivering the approved 2014/15 work programme, and present outcomes completed since the last meeting of the Audit Committee.

1. Budget and Policy Framework

1.1 It is within the remit of the Audit Committee to take decisions regarding accounts and audit issues.

2. Background

2.1 Annual audit programmes, approved by the Audit Committee each March, are derived using a risk based approach to ensure that the assurance provided by Internal Audit through this work is of added value to the council.

2.2 Annual audit programmes include audits of key financial systems and annual governance reviews, which are considered key activities and are given priority when resources are allocated.

2.3 Members approved the internal audit 2014/15 work programme on 20 March 2014 for year ending 31 March 2015. Progress to date on the 2014/15 plan is set out at **Annex A**. This progress document includes any outstanding audit reports relating to the 2013/14 work programme.

2.4 The Audit Programme is reviewed in year to reflect any changes of priority since the plan was approved. Any proposed changes are presented to the Audit Committee for approval.

2.5 This report also contains the outputs from each audit completed since the last update to the Committee. These are set out in **Annex B**. Each audit and follow up provides assurance over the appropriateness and effectiveness of the control arrangements in place. Controls are assessed in terms of whether they mitigate the identified risks, and maximise the likelihood of achieving stated objectives. Each output has been shared

and agreed with management. A list of grant and payment by results certification is also included in this annex.

- 2.6 The definitions of the recommendation and audit opinion options, as endorsed by Audit Committee in July 2013, are shown at **Annex C**.
- 2.7 An overall audit opinion is provided for each full audit. Audit opinions are not provided in the outputs of individual probity and site reviews, but these outputs form the basis of full audit reports which will contain an opinion on the council-wide procedures in place.
- 2.8 All audit recommendations are shared with management and agreed actions recorded, along with the implementation date and the officer responsible. The agreed management action plan relating to significant or material recommendations is incorporated in the issued final audit report, and summarised for Audit Committee.
- 2.9 Internal Audit obtains confirmation of progress on recommendations made, usually within six months. Where the overall audit opinion is that the control arrangements “need strengthening” or are “weak” a follow up is undertaken of the revised arrangements. The original audit opinion is reviewed in light of these findings, and the outputs of these follow ups are presented to Audit Committee.
- 2.10 The audit programme includes audits of key financial systems and governance reviews, which are considered key activities and are given priority when resources are allocated.

Internal Audit Resources

- 2.11 The internal audit team is presently running with only two of the four auditor posts filled. There is one vacancy as a result of a resignation with effect from September 2014 and the other post is unfilled as a result of a secondment arrangement which is likely to become a permanent transfer. A recruitment exercise is currently underway to fill the substantive vacancy and a secondment from finance has been agreed to back-fill the other post until March 2015, but with agreement to recruit on a permanent basis should the vacancy become substantive. Confirmation of any proposed amendment to the audit plan needed as a result of these staffing issues will be presented to the Audit Committee in January 2015 for consideration and approval.
- 2.12 A part time working arrangement for the Head of Internal Audit and Counter Fraud is due to commence for a trial three month period commencing 6 October. It is not anticipated that this reduction in hours will impact directly on the delivery of the audit plan, but the overall delivery of the team will be carefully monitored to ensure that this reduction in hours does not cause operational difficulties. At the end of the three month period the arrangements will be reviewed. Confirmation of the outcome of this trial period will be shared with the Audit Committee in January 2015.

3. Risk Management, Financial and Legal implications

3.1 There are no risk management, financial or legal implications arising from this report.

4. Recommendations

4.1 Members are asked to note progress on the 2014/15 audit programme, and the outcome of Internal Audit's work.

Lead officer contact

Name Alison Russell
Job Title Head of Internal Audit and Counter Fraud
Telephone: 01634 332355
Email: alison.russell@medway.gov.uk

Background Papers

None

Audit Plan 2014/15 – Progress Report

Activity ↓	Opinion	All	C&A	RCC	Health	BSD
2013/14 Audits for Completion						
Data Quality – Equality and Diversity		F				
Key Financial Systems						
Council Tax						Q4
Local Business Rates						Q4
Housing Benefit						Q4
Housing Rents						Q4
Key System Audits						
General Ledger						Q3
Treasury Management						Q/3
Corporate Credit Cards	2					07/14
Taxation - Creditor Payments						Q3
Local Payment Arrangements		Q4				
IT Systems – Integra Access						Q3
Disclosure and Barring system						DR
School Financial Management			Q4			Q4
Risk Based Audits						
Capital Projects		F				
Client Financial Affairs			P			
Change Management – lessons learned from Better for Less		Q4				
Children’s Services Action Plan			09/14			
Public Health					Q4	
Domiciliary Care			Q3			
New Children’s Centre Management			Q3			
Business Continuity – Energy Resilience						Q3
Governance Audits						
Risk Management		Q4				
Corporate Governance		Q4				
Data Quality – Fraud Reporting		Q4				
Probity Audits						
Schools –						
Hempstead Junior School	✓		07/14			
St Benedict’s RCP School	✓		07/14			
Thames View Primary School	✓		09/14			
Luton Junior School	✓		09/14			

Audit Plan 2014/15 – Progress Report

	Opinion	All	C&A	RCC	Health	BSD
Activity ↓						
Maundene School			DR			
English Martyrs RCP School			DR			
Special Schools -						
Danecourt School			DR			
Rivermead			DR			
Local Payment Arrangements -						
<i>The Old Vicarage</i>			DR			
<i>Public Health</i>					F	
Follow Ups						
Medway Action for Families	2		07/14			
Corn Exchange Financial Systems	3		09/14			
Medway Norse and SEN Transport			F			
Possible Audits						
<i>Planning</i>						
<i>Economic Development</i>						
<i>South Thames Gateway Building Control Partnership</i>						
Grant Certification						
Adoption Reform Grant – 2013/14	✓		07/14			
Individual Electoral Registration – 2014/15	✓					07/14
Care Bill Implementation Grant – 2014/15	✓		07/14			
Local Transport Capital Block Funding 2013/14				F		
Medway Action for Families Payment by Results – May 2014	✓		07/14			
Medway Action for Families – Payment by Results – July 2013	✓		07/14			
Medway Action for Families Payment by Results – July 2014	✓			09/14		

KEY

In Bold – audits completed since the last Audit Committee

F = fieldwork in progress

Shaded – audits already reported to Audit Committee

P = audit in planning stage

AC = month & year reported to Audit Committee

Bold = audits are reported to this Audit Committee

DR = draft report issued

✓ = work carried out but no opinion provided in that output

Key: 1 = Strong 2 = Sufficient 3= Needs Strengthening 4 = Weak

SUMMARY INFORMATION ON COMPLETED AUDITS

Children's Services Improvement Plan

(final report issued 16 September 2014)

Internal Audit carries out audits of various financial and operational systems to provide management with assurance that the controls being relied on to mitigate risks to achievement of the Council's objectives are in place and operating effectively.

The audit of the delivery of the Children's Services Action Plan forms part of the annual internal audit plan for 2014/15 that was approved by the Audit Committee on 20 March 2014.

The Children's Services Improvement Plan was developed in response to two Ofsted reports where the opinion was that the arrangements were inadequate. The two inspections related to the arrangements for the protection of children (January 2013) and the looked after children's services (July 2013). Two improvement notices were issued to the council, July 2013 and April 2014, the second of these reflecting progress made.

This audit has focused on the way that the council's response to these issues is being delivered, monitored and reported, and whether the financial investment to achieve these results has been properly evaluated to demonstrate value for money.

Risk 1: Senior management do not have an accurate or up to date picture of progress to date on implementing the required improvements and maintaining them

Audit Opinion: Strong

An implementation plan was drawn up as a result of the inspection findings, and this plan has had a number of iterations, the most recent being April 2014. The plan itself sets out the actions to be taken, identifies owners and deadlines for those actions to be implemented, and ways to measure the impact of the changes made.

We are satisfied that the improvement plan provides a roadmap for delivering the required improvements. We are also satisfied that there are robust mechanisms for measuring and reporting on delivery, based on data which is subject to appropriate verification and accuracy checks.

The successful delivery of the plan is reliant upon the clear commitment of both senior management and the council's partners. There is an External Improvement Board (EIB) which has oversight of delivery of the plan, and has good representation from Members, council staff and the council's partners. The EIB works alongside other key boards and groups to inform, monitor and progress the required actions. Other key groups include the Children and Young People Overview and Scrutiny Committee, the Internal Improvement Board, the Medway Safeguarding Children Board, and the progress and changes being made are reported to all these groups, and information fed back from these groups in order to inform the EIB and action plan monitoring.

A specific area reviewed related to the quality assurance framework (QAF) and the system of audits within the team, both of individual cases and service delivery areas. We found that these arrangements are robust and should support the desired continuous improvement. We also were pleased to note that the outcomes of these

reviews are collated, shared with senior management and used to inform management practice and training and development.

Training and development of staff has also been improved, with the induction process revised, a social work academy being developed not only to support and help to retain excellent social workers already working with the council, but also to help attract and recruit those with the necessary skills and experience.

Whilst there are specific actions required, these are set alongside the fact that Children's Social Care has been subject to major restructuring, introducing for instance the Triage and Assessment Service, in order to support and deliver the required improvements. Furthermore these changes to structure have been developed alongside the roll out of Frameworki as a new children's services ICT management system.

One key area of focus for improvement has been to enhance early intervention. We reviewed as part of this audit the introduction of the Early Help Service which provides the council with the mechanisms to co-ordinate an approach to help, prevent and intervene with a family. This is a key deliverable in addressing the issues identified by Ofsted and the model of delivery has been created utilising the structures already in place for delivery of Medway Action for Families. The new service allows the council to work with a family as part of a multi-agency approach, and avoids families having to be passed between different teams and providers. This approach will also allow for a consistent application of the use of the Common Assessment Framework (CAF) which along with the QAF should help ensure assessments are undertaken and documented to the required standard.

Risk 2: Financial support for delivery of the plan is not properly evaluated to demonstrate the pursuit of value for money

Audit Opinion: Sufficient

The national picture is that there are increasing costs and demand for children's services. The Audit Commission reported 21 August 2014 that there has been an increase of 12% of children in council care over a four year period, at an overall cost of £3.4bn. In the same publication it is reported that the cost for looked after children has increased by 69% between 2000/2001 and 2012/13.

At the council there has been an increase in demand for children's care services including increases between 2011 and March 2014 as follows:

- 61.5% increase in Section 47 investigations (Section 47 of the Children's Act 1989 relates to serious cases where the Local Authority has obtained an Emergency Protection Order and an investigation is required, involving the police, to determine what is needed to safeguard and promote the child's welfare);
- 52.3% increase in initial child protection conferences;
- 25% increase in children subject to child protection plans;
- 56% increase in children in need.

The budget for 2014/15 allowed £1.1m funding to enable the council to meet this pressure on resources. The current improvements being made to children's services will result initially in increased demand, but it is anticipated that in due course the enhanced intervention services should help support families at an earlier stage and thereby reduce the numbers of cases progressed to more intensive and expensive council intervention.

A total of £350k was allocated for 2013/14 to support delivery of the plan. The vast majority of this expenditure relating to ongoing consultancy costs directly supporting the implementation of the plan.

A further £800k has been made available to support the transformation of children's services, providing resource for dealing with legacy issues, training and development requirements, and also providing a resource to support swift mobilization when required. The needs of the service are consistently reviewed and resources targeted appropriately, for instance there is consideration currently being given to commissioning a focused review on the reasons for the still increasing numbers of child protection cases.

Whilst there is a need to retain a fluidity of resource to support delivery of the required improvements activities within the implementation plan could have been more tightly costed which would have helped demonstrate the pursuit of value for money.

Given staffing costs form a significant part of the overall costs of the service we reviewed the steps taken by management to ensure staffing costs were managed as effectively as possible. We were pleased to note the following:

- We reviewed expenditure relating to agency staffing costs. All agency staff are now recruited via HR, and there is a clear, and enforced, requirement to demonstrate the need for the post to be filled before HR will arrange for a post to be filled. HR has agreed standard agency rates, negotiate where possible to drive down rates, and ended any arrangements in place where individuals were being paid above these agreed rates. The centralisation of these processes has resulted in demonstrable savings.
- Experienced social workers are in demand nationally and HR have been proactive in ways to attract experienced social workers to Medway, through targeted overseas recruitment, encouragement for temporary staff to move to a permanent contract, and novel advertising including hosting stands at conferences and corporate events.
- Base salary rates for permanent social workers are set on a national framework. We reviewed the payments of market premia used to assist in recruitment and retention and were found that these payments are supported by appropriate authorisation and documentation evidencing assessment of need.
- We reviewed a selection of consultant arrangements and were provided with evidence which confirmed that responsibilities had been defined, deliverables produced, and recommendations acted upon. Furthermore we were pleased to note that HR have reviewed and challenged consultancy rates of pay.

The demand for children's social care continues to increase and the budget is therefore volatile. For this reason there are regular and detailed meetings with Members and managers of both children's services and finance.

CONCLUSION AND AUDIT OPINION

Our overall opinion is that the arrangements for ensuring continuing progress with the actions identified on the improvement plan, and the demonstration of the pursuit of value for money, are **sufficient**.

One material level recommendation has been made to ensure that future activities added to the implementation plan are costed, and this costing documented.

SCHOOL PROBITY REVIEWS

The Guide to the Law, provided by the Department for Education, defines the required school governance structure for ensuring financial probity. The governing body hold the headteacher to account for ensuring there are appropriate and effective financial management and governance arrangements in place. The school business manager (SBM) or equivalent is responsible for the delivery of sound financial administration. Medway Council's Chief Finance Officer, under Section 151 of the Local Government Act 1972, has a legal responsibility for ensuring the proper administration of the Council's financial affairs, including schools in Medway under Local Authority control.

Internal Audit is conducting a programme of financial probity audits in all the schools Medway Council has oversight responsibility for. Each probity audit seeks to identify any weaknesses in the financial management arrangements, provide guidance and advice to the school on how to strengthen current arrangements, and provide reasonable assurance that there are no financial irregularities.

Each audit provides assurance on the overall financial management of the school by:

- Analysis of financial (transactional) data to determine a risk profile for income and expenditure;
- Determination of control arrangements, as set out in the school's finance policy and confirmed through interviews with the headteacher and the finance officer;
- Targeted testing in the areas of greatest potential risk and / or potential anomalies identified during the risk assessment.

An overarching report is provided at year end to provide assurance and an overall audit opinion on the financial management arrangements in Medway Schools.

<p>Thames View Primary School <i>(final report issued 8 August 2014)</i></p>

Thames View Primary School is for children aged three to eleven years with a pupil roll of approximately 380 places. The Bursar supports the Headteacher with the management of financial processes.

By undertaking a risk assessment, which included the analysis of financial data, review of key finance and governance documents, and interviews with the headteacher and bursar, we obtained a level of assurance over the school's financial management and governance arrangements. The risk assessment also identified that the level of income at the school was low. However we found that the highest risk areas in terms of value was creditor payments and also payments to staff on the basis of submitted timesheets. For this reason our audit focused on procurement and payment to staff via timesheet.

Our review and testing of the financial control arrangements confirmed that there are reasonable processes in place, but action is required so that the school can demonstrate appropriate approvals are obtained in its procurement processes:

- The school authorisation limits set out in the adopted Medway Finance Policy are set too low and are consequently not complied with;
- The adopted Medway Finance Policy does not recommend a minimum number of quotes;
- Staff influencing decisions (other than the headteacher) are not asked to make a declaration of potential conflicts of interest;
- Purchase Orders are not always used.

Our risk assessment identified seven employees with an average of more than £100 per month in timesheet-triggered payments. We did not identify any errors in these payments but we did identify instances where the timesheets were authorised before the work had been completed. There is a risk that payments may be made for work not completed.

CONCLUSION

We are able to provide assurance that the school has reasonable controls in place to manage its financial processes and we did not identify any probity issues in our testing of payroll and procurement.

<p>Luton Junior School <i>(final report issued 15 September 2014)</i></p>
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Luton Junior School is for children aged seven to eleven years with a pupil roll of approximately 235 places. The School Business Manager (SBM) supports the Headteacher with the management of financial processes. The school has a high proportion of children qualifying for the pupil premium and also more than average requiring support for special educational needs. The school building is one of the oldest in Medway, which requires more building work and maintenance than a newer build.

The school's finance policy provides a sound framework for financial management, establishing appropriate roles and responsibilities for the governing body, headteacher, budget holders and the SBM. We were able to account for all staff on the payroll and were satisfied that the school's processes would ensure only legitimate staff were paid. Non-grant income was relatively low, and the majority of this was cheque / BACS payments from other schools or the placement of PGCE students. There were no obvious missing income streams and the amount of cash received was relatively low. The school made creditor payments through SIMS and via a business card but there was no petty cash.

There were a few areas we examined in more detail due to the value or nature of the expenditure:

- There were four payments over £5,000 for building work and ICT infrastructure;
- There was a high level of payments to staff triggered by timesheets (e.g. overtime, supply) with eleven members of staff paid more than £100 per month on average;
- Business card payments;
- Payments to members of staff.

We confirm we found no probity issues but agreed an action plan to strengthen current arrangements.

During the audit we were informed that in February 2013, a laptop costing £322 went missing from the school just after it had been delivered. This should have been reported to the council and police. Unfortunately the time elapsed between the loss and this audit meant that it was not possible to investigate but we are satisfied that the school has taken appropriate action to strengthen its arrangements.

CONCLUSION

We are able to provide assurance that the school has reasonable controls in place to manage its financial processes and we did not identify any probity issues in our testing of procurement, business card payments and payroll timesheets.

FOLLOW UPS

Corn Exchange Financial Management

(Final report issued 16 September 2014)

A report on the financial management arrangements at the Corn Exchange was issued in May 2014. This report was produced following an investigation into a number of allegations made regarding the management of the Corn Exchange, the outcome of which has already been reported. The audit review looked at three key areas: staff time recording, income recording and bar stock control. Our overall conclusion was that, a number of areas of financial management needed to be strengthened and 12 recommendations were made which were agreed with management for implementation by the end of June 2014.

The key issues identified in the management action plan and incorporated into the agreed actions were:

- poor record keeping to support timesheet claims
- records of bookings insufficient or incomplete
- missing closedown reports or Z readings from the tills
- discrepancies in the stocktake figures, with the cost of purchases under reported and an overstatement of sales
- no documentation to evidence decision to offer promotional allowances
- lack of documented supervisory checks by the Head of Festivals, Arts and Theatres (HoFATE).

A specific issue was identified regarding one member of casual staff who had made an erroneous claim for 8 days annual leave on her timesheet. We were advised that this had been done following advice from HR but it resulted in a duplicated payment and we recommended that management should arrange the recovery.

Prior to the conduct of this follow up to confirm the implementation of the agreed actions a further issue arose, identified by management, which has resulted in a further investigation which is still ongoing.

As a result of the new investigation the intended internal audit follow up work was extended to cover the processes relating to the new investigation.

FINDINGS

From our follow up work it was clear that management at the Corn Exchange have worked hard to address the issues identified in the management action plan and progress has been made to enhance some of the arrangements currently in place. Detailed records of our findings have been shared with management, and a summary of progress is set out below.

Progress on the management action plan

The overall recording of staff logging in and out at the beginning and end of shifts is much improved, and our testing was able to confirm that the hours claimed generally matched the log sheets. Overall the completion of the timesheets is much improved although at the time of the follow up the Bar Manager was continuing to use the Outlook calendar as a secondary check on the timesheets, in addition to referring to the signing in and out logs.

Our testing again identified a small number of missing Z readings from the tills. Two new tills have now been installed in the bar, which should reduce the level of missing Z readings. Additional new tills have been purchased for use in the external bars.

A new stocktaker has been recently appointed. At the time of the follow up there was no completed stocktake by this company available to review. However, pre-paid drinks and corkage charges are not being accounted for clearly, albeit these are not significant sums.

The booking records system was amended and did include enhancements over the previous arrangement but overall it still does not provide a sufficiently robust process to ensure all outstanding income is identified.

Although the HoFATE holds weekly meetings with the team, there remains a lack of documented evidence of management oversight of till overrings over a certain value, or management authorisation of promotional allowances. There was also no evidence of the HoFATE conducting the agreed ad-hoc reviews of income records or missing Z readings.

We have been advised that management are liaising with HR regarding the recovery of the identified salary overpayment (for annual leave) and we will inform the Audit Committee once the overpayment has been appropriately addressed.

What has become apparent through the performance of this follow up is that the financial management arrangements at the Corn Exchange have been significantly amended, adapted and added to over time, due to changes in service delivery and also numerous changes in staffing. As a result the financial management practices do not provide a coherent suite of controls. Therefore whilst management have sought to address the specific issues identified by audit, these amendments and additions have been overlaid on existing historic working practices. The result is that the actions as implemented do not always result in a streamlined or fully effective process. For instance, we were advised that there are now three processes in place for recording bookings information, although there is a risk of error and omission, making it difficult for management to provide effective oversight.

As a result of the incremental establishment of financial management arrangements, coupled with a lack of documentation, both of decisions taken and management checks performed, for instance in relation to determination of hire rates charged and review of gaps in the till Z readings, it is proposed that Central Finance work with the team to develop a comprehensive management system.

Ongoing Investigation

The new investigation, which is ongoing, has involved internal audit in reviewing a number of other areas including the income recording process for the lettings handling process from booking through to banking.

Our review of these additional areas of income handling identified a number of further control issues. These findings have reinforced internal audit's view, which is shared by management, that a complete review of financial procedures is required, together with the recruitment of an additional supervisory resource

Audit Committee will be kept informed of the ongoing investigation.

The detail of the findings from both the follow up and the ongoing investigation have been shared with management, and a discussion held regarding the best way to address

the issues in a way that will provide the required assurance over all the financial management arrangements at the Corn Exchange. The outcome is set out below.

CONCLUSION AND AUDIT OPINION

Whilst there has been progress in addressing the agreed management actions there are continuing weaknesses in the current arrangements for income recording and bar stock control. Further issues have since been identified in relation to the income management process and it would not be appropriate in light of the outstanding actions and subsequent investigation to close the audit at this stage.

The audit opinion with regard to the financial management arrangements at the Corn Exchange is that despite management actions they **need strengthening** through the agreed actions with Central Finance.

The current audit findings mean that at the present time it is not possible for internal audit to sign off the audit as complete. However a three stage plan has been developed in agreement with management:

- a. A comprehensive management review of all the financial management arrangements at the Corn Exchange will be undertaken, led by the Central Finance Team. The objective of the review will be to ensure that there are coherent financial management arrangements in place which provide reasonable assurance that all income is accounted for in a timely manner, and that the arrangements provide resilience to the risk of fraud and error. The arrangements will address all the current issues identified, including but not limited to putting in place:
 - ✓ all the outstanding actions from the internal audit follow up
 - ✓ separate Integra codes will be developed for the external bars to ensure there is proper accounting for this income stream and expenditure incurred, so that appropriate management information is available to ascertain the commercial viability
 - ✓ a proper accounting record set up to allow for reconciliation of income due to income received, including a complete audit trail of bookings received
 - ✓ agreed regime of management checks and supervisory reviews.
- b. Management are currently drawing up a role profile for a new post at the Corn Exchange to provide the required administration and oversight of the financial management arrangements. Central Finance will feed into this process the initial findings of the finance review of the current arrangements.
- c. An audit of the new arrangements will be undertaken and reported to Audit Committee by July 2015.

Grant Certification

Certain grants require certification by internal audit, and also some programmes of work include an element of payment by results (PBR) which need to be certified prior to claim. Below is a list of grant and PBR certificates completed since the last Audit Committee meeting.

Grant	Date Signed off	Value
Adoption Reform Grant 2013/14	5.6.14	£345,080
Individual Electoral Registration 2014/15	17.6.14	£18,096
Care Bill Implementation Grant 2014/15	16.6.14	£125,000
Medway Action for Families Payment by Results May 2014	19.5.14	n/a
Medway Action for Families Payment by Results July 2013 (Retrospective)	27.6.14	n/a
Medway Action for Families Payment by Results July 2014	9.9.14	n/a

DEFINITIONS OF AUDIT RECOMMENDATION AND OPINIONS

DEFINITION OF AUDIT RECOMMENDATION LEVELS	
Significant (High)	The finding highlights a weakness in the control arrangements that expose the Council to significant risk (determined taking into account both the likelihood and the impact of the risk).
Material (Medium)	The finding identifies a weakness in the control arrangements that expose the Council to a material, but not significant, risk (determined taking into account both the likelihood and the impact of the risk).
Point of Practice	Where the finding highlights an opportunity to enhance the control arrangements but the level of risk in not doing so is minimal, the matter will be shared with management, but the detail will not be reflected in the audit report.
DEFINITIONS OF AUDIT OPINIONS	
Strong (1)	<u>Risk Based:</u> Appropriate controls are in place and working effectively, maximising the likelihood of achieving service objectives and minimising the Council's risk exposure. <u>Compliance:</u> Fully compliant, with an appropriate system in place for ensuring ongoing compliance with all requirements.
Sufficient (2)	<u>Risk Based:</u> Control arrangements ensure that all critical risks are appropriately mitigated, but further action is required to minimise the Council's risk exposure. <u>Compliance:</u> Compliant with all significant requirements, with an appropriate system in place for monitoring compliance. Very minor areas of non-compliance.
Needs Strengthening (3)	<u>Risk Based:</u> There are one or more failings in the control process that leave the Council exposed to an unacceptable level of risk. <u>Compliance:</u> Individual cases of non-compliance with significant requirements and/or systematic failure to ensure compliance with all requirements.
Weak (4)	<u>Risk Based:</u> There are widespread or major failings in the control environment that leave the Council exposed to significant likelihood of critical risk. Urgent remedial action is required. <u>Compliance:</u> Non-compliant, poor arrangements in place to ensure compliance. Urgent remedial action is required.