



**INTERNAL AUDIT ANNUAL REPORT AND ANNUAL  
STATEMENT OF ASSURANCE**

Gedling Borough Council

2021/22

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**IBDO**

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# EXECUTIVE SUMMARY

## Internal Audit 2021/22

This report details the work undertaken by internal audit for Gedling Borough Council and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- Asset Management
- Risk Maturity
- Housing Benefits
- IT Architecture
- Sustainable Growth - Employment & Skills
- Homelessness & Temporary Accommodation
- Main Financial Systems

We have detailed the opinions of each report and key findings on pages four to eight. Our internal audit work for the 12 month period from 1 April 2021 to 31 March 2022 was carried out in accordance with the internal audit plan approved by management and the Audit Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

### Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Board, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes
- An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year
- The assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses
- Any reliance that is being placed upon third party assurances.

Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view, we have taken into account that:

- Two of the reviews undertaken this year were advisory (Risk Management and IT Architecture). These reviews do not produce audit opinions however, both were broadly positive with no material concerns identified
- Design of controls: Substantial assurance was provided on two of the five assurance audits and moderate assurance opinions were provided in three areas
- Operational effectiveness of controls: Substantial assurance was provided on two of five assurance audits. A moderate opinion was provided for three reviews
- Substantial assurance was reported in respect of both the design and operational effectiveness of the controls in the key areas of Main Financial Systems (MFS) and Housing Benefits which are both areas of significant importance and activity for the Council

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- Management has responded, in the majority of occasions, positively to reports issued and plans have been developed to address the recommendations raised. We have noted however that there is frequently a delay in management response to audit reports but this is not Council wide and more specific to certain departments
  - Three of the audits (Environmental Health Enforcement, Procurement and Contract Management, and Sustainable Environment) are still in draft and have not yet been finalised. These will be reported to the September Audit Committee, and the opinions given in these areas does not alter our overall audit opinion
  - The Council expect to receive external audit approval of their annual accounts for 2021/22 in November 2022 and therefore these are not yet finalised. In our discussions with external audit and management, we do not have concerns about the financial position of the Council. The Council's General Fund balance as of April 2022, as reported within the Medium Term Financial Strategy to Cabinet in February 2022, was estimated at £4,761,000 which includes S31 Grant for the funding of the 2021/22 business rates reliefs
  - Overall, an opinion of **moderate assurance**, which is our second highest level of assurance, is a positive achievement in another challenging year for local government
  - It should be noted however that our audits are identifying some common themes that do raise concerns. Particularly governance and performance monitoring (please see page 15 for further discussion). In addition, in some service areas we are experiencing instances long waits for management responses to draft reports which is impacting on our ability to deliver the internal audit plan in a timely manner. This has partly been due to staffing issues and it is hoped this will now be resolved now that key posts have been filled. If these issues are not managed, there is potential for the overall assurance level internal audit opinion to weaken next year.



# SUMMARY OF 2021/22 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Asset Management	0	1	3	Moderate	Moderate	<p>Strategic asset management is the activity that seeks to align the asset base with the organisation’s corporate goals and objectives. It ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest of the organisation concerned. Managing property assets requires co-ordination across the entire organisation to be successful and deliver the most effective space.</p> <p>The purpose of this review was to assess whether assets are managed effectively and valued correctly. We also reviewed whether rent reviews assess market value to ensure the Council is getting the most out of its assets.</p> <p>Areas of good practice identified include:</p> <ul style="list-style-type: none"> <li>All sampled assets reviewed had been subject to a valuation by a qualified professional in accordance with the Council’s valuation schedule within the past two years</li> <li>All rental income receipts reviewed were accurate and agreed to the amount due per the lease agreements</li> <li>Repairs and maintenance payments agreed to invoices and purchase orders in all cases sampled confirming that contractors were paid accurately. All contractors were paid in a timely manner upon receipt of an invoice.</li> </ul> <p>Our key findings were:</p> <ul style="list-style-type: none"> <li>Repairs and maintenance to the Council’s assets are not logged meaning that time taken for repairs/maintenance from the original request cannot be tracked</li> <li>Local performance targets are not set and monitored within the Property Services team</li> <li>Rental income was not received within the 30-day credit period for three cases</li> <li>Separation of duties was not present for asset valuations and there were four instances in our sample of 10 asset valuations where the valuation method was not stated on the asset management system.</li> </ul>

Risk Maturity	0	17	1	This was an advisory review against the BDO Risk Maturity Matrix where we assessed three domains at defined and two at aware.		<p>The purpose of the risk maturity assessment is to help ensure an effective risk management culture becomes embedded across the Council, by highlighting areas where processes could be improved.</p> <p>Areas of good practice identified include:</p> <ul style="list-style-type: none"> <li>• The Council has clearly documented its strategic objectives within the Gedling Plan 2020 - 2023 and published this on its website</li> <li>• A Risk Management Strategy and Framework has been documented which clearly defines the Council's risk appetite</li> <li>• Risk registers are formatted to ensure key drivers are clearly documented</li> <li>• All risks on the register have been assigned a risk owner who is responsible for overseeing the effective management of the risk</li> <li>• An established quarterly review process for the corporate risk register records progress on each risk on a consistent basis each quarter and reports to the SLT.</li> </ul> <p>Our key findings include:</p> <ul style="list-style-type: none"> <li>• Our interviews with heads of service identified that there may not be a full understanding of risk management amongst officers below manager level. There is no risk management training programme for officers or staff</li> <li>• Roles and responsibilities of officers below manager level for managing risks are not clearly defined in the Risk Management Strategy and Framework</li> <li>• Risk recorded on risk registers are not linked to objectives or categorised by risk type</li> <li>• Risks recorded on the risk register are not described to a consistently high standard to provide understanding, cause and consequence of their occurrence</li> <li>• Controls and actions to mitigate risks are not documented sufficiently to provide assurance that the risk is being effectively managed</li> <li>• Reviews of risk registers by the heads of service are not recorded on a consistent basis each quarter</li> </ul>
Housing Benefits	0	0	1	Substantial	Substantial	<p>Housing benefit is a regular council payment to support payment of rent where someone is unemployed, on a low income or claiming benefits. The amount an individual received will depend on their income and circumstances. This review assessed the Council's procedures for the processing of Housing Benefits claims and evaluated if they were operating as designed.</p> <p>Areas of good practice identified include:</p> <ul style="list-style-type: none"> <li>• Housing Benefits Key Performance Indicators are collated, reported and tracked.</li> <li>• All 20 Housing Benefit Claims sampled were accurately assessed in a fair and timely manner in line with Council procedures</li> </ul>

						<ul style="list-style-type: none"> <li>All private tenants sampled for local housing allowance made benefit payments in a complete, accurate and timely manner in accordance with published rates</li> <li>For all 20 cases sampled where the claimant had reported a change of circumstance to the Council, the change was addressed appropriately following the receipt of adequate supporting documentation, and processed in a timely manner</li> <li>All 10 Housing Benefit claims and 10 Discretionary Housing Benefit payments had sufficient evidence provided to justify payment by the Council</li> <li>The Council appropriately defines what constitutes an overpayment of Housing Benefit within its Overpayment Policy</li> <li>All write-offs sampled were justified and made in accordance with Council Policy</li> <li>A process is in place whereby balances on the Housing Benefit system (Civica) are regularly reconciled to the main financial system (Agresso).</li> </ul> <p>No key findings have been identified but one low finding was raised:</p> <ul style="list-style-type: none"> <li>The Discretionary Housing Payments Policy and the Overpayments Policy are currently out of date although these are currently being reviewed</li> </ul>
IT Architecture	N/A	N/A	N/A	This was an advisory review against the BDO IT Maturity Assessment against which governance was assessed as 'Initial'; development and implementation 'Managed' and oversight and monitoring 'Defined'.		Primarily, the focus of the Council has been to configure the IT platform and provide the methodologies to enable members of staff to be able to work remotely considering the Agile Working project, whilst leading the direction of travel for technology enablement across the organisation. The biggest challenge faced by the Council will be the significant change that will be necessary to move to the ever-changing digital landscape, and to monitor and enforce new ICT and Digital Strategy plans going forward. As we have identified good practices within each of the areas as mentioned in the executive summary (like the management of project plans and having performance management reports) that were assessed as part of this review, we found that the Council is committed to enhance the enterprise architecture. Therefore, we have concluded that overall the maturity of the Council's IT architecture is Managed as to the Council's self-assessment, with opportunities to rapidly progress to Quantitatively managed in the short term and Optimising in the long term.
Sustainable Growth - Employment & Skills	0	1	2	Moderate	Moderate	One of the Gedling Plan's priorities is to 'promote and drive sustainable growth across the borough to meet current and future needs'. To achieve this, one of the key strategic objectives identified by Gedling Borough Council ('the Council') is to drive business growth, workforce development and job opportunities. The purpose of this audit was to provide assurance over the governance arrangements in place to achieve the Council's priority to promote and drive sustainable growth across the borough.

						<p>Areas of good practice identified include:</p> <ul style="list-style-type: none"> <li>In order to continue to provide valuable Employment and Skills services, the Council has started to assess where there may be a future need or surplus of provision</li> <li>The Employment and Skills Group (ESG) is co-ordinated by the Council as a platform for external partners to work better together and share information.</li> </ul> <p>Our key findings include:</p> <ul style="list-style-type: none"> <li>Improvements could be made to governance arrangements, including more regular reporting to the Senior Leadership Team, more detailed action planning and having more measurable key performance indicators</li> <li>The Annual Report includes performance indicators that are not directly related to the employment and skills priority, therefore it is difficult to see progress against the Gedling Plan in this area</li> <li>Success of the Council’s initiatives is not measured regularly with no consistent process in place to review completed work and complete a lessons learned exercise</li> <li>The Employment and Skills Group (ESG) do not have a terms of reference</li> </ul>
Homelessness & Temporary Accommodation	0	4	0	Moderate	Moderate	<p>The Housing Act 1996, Homelessness Act 2002, and the Localism Act 2002 place statutory duties on Local Authorities relating to homelessness. As such the Council is required to ensure that advice and assistance is provided (free of charge) to households who are homeless or threatened with homelessness. Where the authority is satisfied that an applicant is eligible for assistance, unintentionally homeless and falls within a specified priority need group, Local Authorities also have a ‘main homelessness duty’ to ensure that suitable accommodation is available for the applicant and his or her household. Local Authorities are also required to have a strategy for prevention of homelessness which applies to everyone at risk of homelessness (not just those with a priority need), and are encouraged to relieve homelessness and to record the cases of homelessness.</p> <p>The purpose of this audit was to provide assurance over arrangements in place to implement the South Nottinghamshire Homelessness and Routh Sleeping Strategy (the Strategy) and procedures in place to support individuals at risk of homelessness either in the immediate or short-to-medium term.</p> <p>Areas of good practice identified include:</p> <ul style="list-style-type: none"> <li>The Council’s work programmes which relate to preventing homelessness and supporting individuals or households in need of emergency accommodation are clear, appropriately detailed and communicated to appropriate officers</li> </ul>



						<ul style="list-style-type: none"> <li>In discussion with staff we found that staff capacity and training offered is sufficient to support the effective prevention of homelessness</li> <li>The Council had fulfilled their 'statutory main homelessness duty' in all 15 cases examined during this audit</li> <li>The Council undertake quarterly budget monitoring meetings with Finance to review the actual spend against budget, in the prevention of homelessness</li> <li>The Council are undertaking several schemes to support prevention of homelessness</li> </ul> <p>Our key findings include:</p> <ul style="list-style-type: none"> <li>The South Nottinghamshire Homelessness and Rough Sleeping Strategy (2019-2022) does not currently consider the impact of high local housing costs and how this impacts available private landlord housing stock</li> <li>In eight out of 30 cases reviewed, the Council had not regularly reviewed a client's assessment of needs</li> <li>In three out of 10 cases reviewed, clients had spent a significant proportion of time in Bed and Breakfast accommodation</li> <li>The KPIs reported for the prevention of homelessness are not specific to the achievement of the service objectives.</li> </ul>
Main Financial Systems	0	0	3	Substantial	Substantial	<p>Local authorities are required to maintain sufficient controls over their main financial systems to support effective management of resources. Financial controls play an important role in ensuring the accuracy of reporting, eliminating fraud and protecting the organisation's resources, both physical and intangible. These internal control procedures reduce process variation, leading to more predictable outcomes.</p> <p>The purpose of the review was to consider the design and effectiveness of the controls in place around the main financial systems to highlight any areas where the controls could be improved.</p> <p>The following areas of good practice were identified:</p> <ul style="list-style-type: none"> <li>The finance business partner reviews all manual journals on a weekly basis to confirm they have been processed correctly, because journals do not require authorisation on Agresso.</li> <li>Agresso can only be accessed through the Council's server which maintains the security of the system. There was a robust Password Policy and password requirements for officers to access the server</li> <li>We reviewed a sample of five new users to Agresso and confirmed that in each case the user was provided with appropriate access and authorisations based on their role</li> <li>We reviewed a sample of five leavers and confirmed that the users' Agresso access was terminated on the date they left the Council. Additionally, as users</li> </ul>

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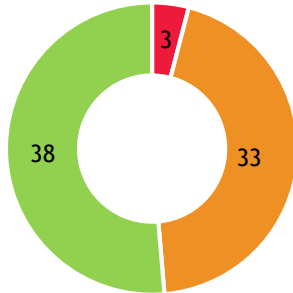
					<p>can only access Agresso via the Council's server, IT deactivating their desktop access would restrict access to Agresso</p> <ul style="list-style-type: none"><li>• The Council's monthly income is reported to the Senior Leadership Team (SLT), although this has recently been amended to quarterly. Additionally, a monthly exception report is generated and shared with finance business partners who are responsible for discussing variances against budgets with budget holders</li><li>• Variances to budgets are reported quarterly to Cabinet which provides adequate oversight of performance and supports strategic decision making. Furthermore, we reviewed the Q1-Q3 2021/22 financial information from Agresso and identified that the data in the Cabinet reports was accurate for the same time period</li><li>• The Budget and Closedown Timetable highlights key financial dates and deadlines to support effective forward planning for key finance activities throughout the year.</li></ul> <p>We did not identify any key findings but did report three low priority findings.</p>
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# DASHBOARD SUMMARY OF 2021/22

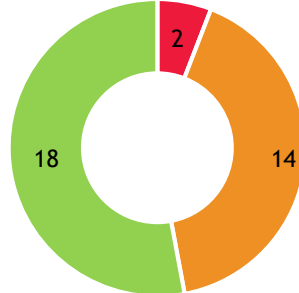
## RECOMMENDATIONS AND ASSURANCE DASHBOARD

### Recommendations

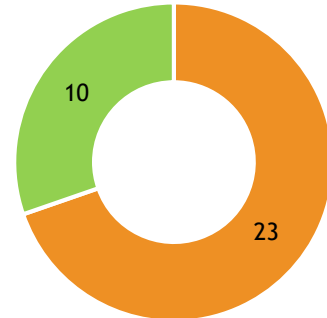
2019/2020



2020/21

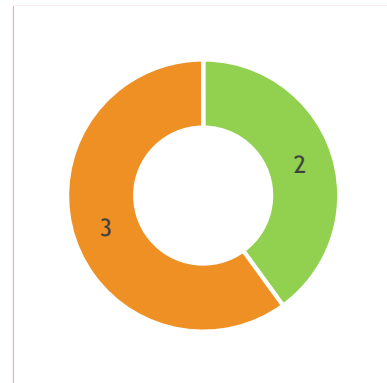
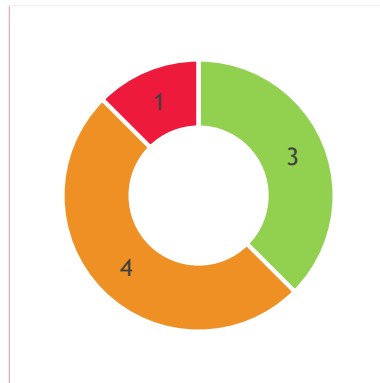
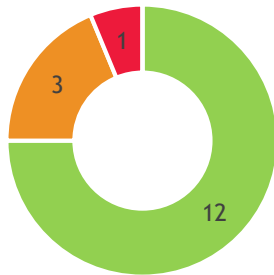


2021/22

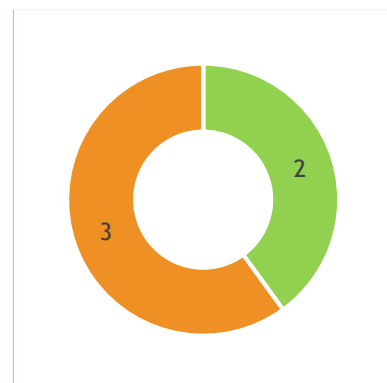
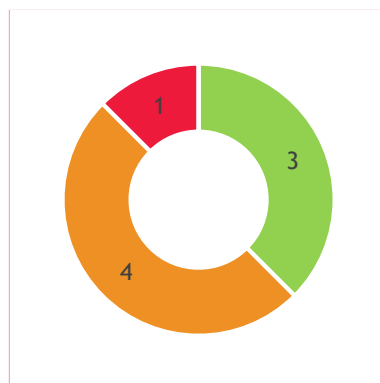
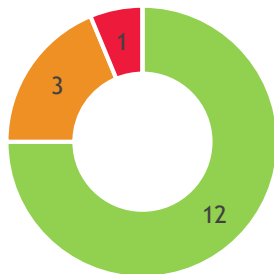


■ High ■ Medium ■ Low

### Control Design



### Operational Effectiveness



■ Substantial ■ Moderate ■ Limited ■ No

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# ADDED VALUE



## USE OF SPECIALISTS

We deployed an IT specialist for the IT architecture review



## RESPONSIVENESS & COMMUNICATION

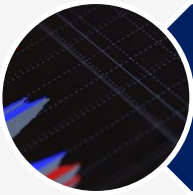
We update the Head of Finance and ICT regularly and will be implementing fortnightly email updates going forward. We also make ourselves available for any discussions

We request and welcome survey feedback from auditees after every audit however, we do note these have not all been received despite reporting to the Audit Committee and we would want to see this improve in the next 12 months



## BENCHMARKING AND BEST PRACTICE

We conducted benchmarking and shared best practice in a number of reviews (asset management, sustainable environment, homelessness & temporary accommodation and environmental health enforcement)



## INNOVATION

We applied our unique risk management and IT architecture assessment tools to generate our advisory reports

# KEY THEMES



## PEOPLE

Over the year we have experienced a positive culture that welcomes internal audit at the Council, and in the majority of audits there is good engagement and support during our reviews



## SYSTEMS & PROCESSES

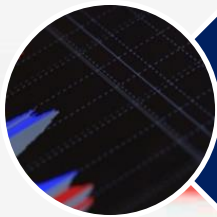
Generally, sound systems and processes are in place. Some issues have been experienced by auditors however in relation to the timeliness of management responses to our draft reports, impacting on both the delivery of our internal audit plan but more importantly, in implementing a timely response to audit findings. This is limited however to specific service areas that have experienced staffing issues over the year. Now that all management positions are filled this should resolve the issue.



## POLICES & PROCEDURES

We noted common governance issues in a number of reviews undertaken during the year, including:

- Policies not being regularly reviewed and updated (Health & Safety; Discretionary Housing Payments and Overpayments; a number of ICT strategies and policies)
- A lack of KPI setting and related performance monitoring governance. Findings on this theme were found within Procurement and Contract Management and the IT Architecture reviews



## GOVERNANCE & FOLLOW UP

We generally receive timely responses from officers when contacting them about follow up actions, however, it should be noted that there are still three actions in progress from 2018/19 and 2019/20 audits undertaken by our predecessors. It was expected that by this stage these actions would have been completed.



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# BACKGROUND TO ANNUAL OPINION

## Introduction

Our role as internal auditors to Gedling Borough Council is to provide an opinion to the Board, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the 12 month period from 1 April 2021 to 31 March 2022 was carried out in accordance with the internal audit plan approved by management and the Audit Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

## Scope and Approach

### Audit Approach

We have reviewed the control policies and procedures employed by Gedling Borough Council to manage risks in business areas identified by management set out in the 2021-22 Internal Audit Annual Plan approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with Gedling Borough Council management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

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The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

### **Reporting Mechanisms and Practices**

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

### **Management actions on our recommendations**

Management have been engaged during the audit process and closing meetings, and review and comment on reports conscientiously. Timeliness in responding to draft reports could be improved, however, as six of the ten review in the plan experienced waits of over 4 weeks for a management response, with the longest being three months.

### **Recommendations follow-up**

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Of the recommendations made in 2021/22:

- Three have been implemented,
- Twenty are in progress
- None are not implemented or missed their deadline.

### **Relationship with external audit**

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

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## Report by BDO LLP to Gedling Borough Council

As the internal auditors of Gedling Borough Council we are required to provide the Audit Committee, and the Director with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.




In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides Gedling Borough Council with moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2021-22. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2021/22
- Any follow-up action taken in respect of audits from previous periods for these audit areas
- Whether any significant recommendations have not been accepted by management and the consequent risks
- The effects of any significant changes in the organisation's objectives or systems
- Matters arising from previous internal audit reports to Gedling Borough Council
- Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work







# KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
Quality of work	We are compliant with PSIAS and are reviewed by the IIA every five years. Our most recent review was 2021. The IIA assesses BDO against 58 different parameters with the highest score possible to achieve against each parameter is 'generally conformed'. We received this rating in all 58 areas.	
Responsiveness of service	We have responded to targets and deadlines well. Audits have been pushed back in some instances due to officer availability and although three reports have not been finalised prior to the June AC, all major fieldwork and report writing for the whole 2021/22 internal audit plan has been completed.	
Consistency and appropriately qualified staff	All auditors are either ACA, ACCA, IIA, CIPFA or CISA qualified, or in training for one of these qualifications. The Assistant Manager is ACA qualified and the Director and Partner are CIPFA-qualified. Whilst there has been a change in key liaison now that the Assistant Manager has returned from maternity leave, there will be consistency moving forward. We have endeavoured to use auditors who have worked with the Council previously in undertaking the 2021/22 audits.	
Follow up of recommendations	We escalate all non - responses and recommendations with several revised due dates to the Council's Corporate Services Manager (if required). However, there have been no instances where we have had to escalate for responses as auditees have been receptive in responding to both legacy and BDO recommendations.	

# APPENDIX I

ANNUAL OPINION DEFINITION	
<b>Substantial - Fully meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
<b>Moderate - Significantly meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
<b>Limited - Partly meets expectations</b>	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
<b>No - Does not meet expectations</b>	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed, albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of noncompliance with some controls that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.



**FOR MORE INFORMATION:**

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