

**REPORT OF FINANCE MANAGER**

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**SUBJECT:**

**GATEWAY: INTERNAL AUDIT “BLOCK 1” REPORT**

Background:

This is the first report from the Authority’s new Internal Auditors and presents the findings and conclusions of their review of the Risk Management, Key Financial Controls and Health and Safety.

**RECOMMENDATION: To note the findings of the report.**

*(For further information, please contact Richard Griffiths, extension 4815 or at [Richardg@pembrokeshirecoast.org.uk](mailto:Richardg@pembrokeshirecoast.org.uk))*



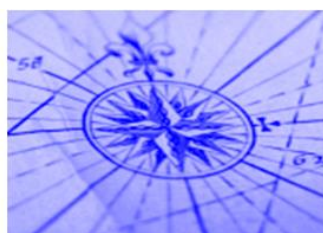
# Pembrokeshire Coast National Park Authority

## Internal Audit Report

### Block 1 2015/16



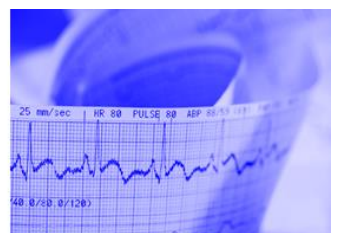
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## CONTACT DETAILS – MANAGEMENT TEAM

Team Member	Role	Mobile	Email
Lee Glover FCCA	Head of Internal Audit	0791 221 5783	lee.glover@gatewayassure.com

## VERSION HISTORY

Key Stage	Date	Target (Days)	Actual (Days)	Comments
Draft Report v1.0	10/08/2015	10	10	
Draft Report v2.0	13/08/2015	-	-	Updated re management comments
Final Report v1.0	04/09/2015	5	5	

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# INTRODUCTION

## OPERATIONAL AUDIT PLAN

- 1.1 This report summarises the outcome of work completed to date against the operational audit plan approved by Pembrokeshire Coast National Park Authority's Audit & Corporate Service Review Committee and incorporates cumulative data in support of internal audit performance and how our work during the year feeds in to our annual opinion.
- 1.2 The sequence and timing of individual reviews has been discussed and agreed with management to ensure the completion of all audits within the agreed Internal Audit Strategy 2015/16; the current planned schedule is shown in Appendix C.
- 1.3 In brief the areas subject to audit on this occasion and the result of those audits are as follows:

Audit Area	Opinion	Recommendations				
		F	S	MA	Total	Agreed
Risk Management	Adequate	0	2	1	3	3
Key Financial Controls – Budgetary Control	Substantial	0	0	1	1	1
Health & Safety	Substantial	0	0	2	2	2

- 1.4 We would like to take this opportunity to thank all members of staff for their co-operation and assistance during the course of our visit.
- 1.5 The results of each audit are reported through the Executive Summary and agreed Action Plan contained within **Appendix A**. A Summary of Opinions and Recommendations is shown as **Appendix B** and progress against the Operational Plan is detailed at **Appendix C**.

## STANDARDS

- 1.6 We have performed our work in accordance with the principles of the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS) in so far as they are applicable to you our client. Our working papers are available for inspection.

## QUERIES

- 1.7 Should any recipient of this report have any queries over its interpretation or content they should contact the client engagement director either directly or through the client contact as appropriate and we shall be happy to discuss the assignments and provide any detail or explanations necessary.

## SCOPE & BACKGROUND

- 1.8 We have reviewed each area in accordance with the scope and objectives agreed with management prior to our visit. Appendix A provides detail of the scope of our work; our conclusions regarding the level of assurance that can be provided and where appropriate the agreed Action Plan to be implemented by management to remedy potential control weaknesses.
- 1.9 Our approach was to document and evaluate the adequacy of controls operating within each system. For each system the key controls operated by management were assessed against the controls we would expect to find in place if best practice in relation to the effective management of risk, the delivery of good governance and the attainment of management objectives is to be achieved. Where applicable, selected and targeted testing has been used to support the findings and conclusions reached.

- 1.10 We report by exception and only highlight those matters that we believe merit acknowledgement in terms of good practice or undermine a system's control environment and which require attention by management.

## AUDIT OBJECTIVE & OPINION

- 1.11 The objective of our audit was to evaluate the auditable area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.
- 1.12 Our opinion is based upon the control framework (as currently laid down and operated) and its ability to adequately manage and control those risks material to the achievement of the organisation's objectives for this area. We provide our opinion taking account of the issues identified in the Executive Summary and Action Plan.

## Overall Opinion

- 1.13 Each Executive Summary provides an overall assessment of our findings for each system reviewed and provides an opinion on the extent to which management may rely on the adequacy and application of the internal control system to manage and mitigate against risks material to the achievement of the organisation's objectives for each area.

## Conclusion on the Adequacy of Control Framework

- 1.14 Based on the evidence obtained, we conclude for each area upon the design of the system of control, and whether if complied with, it is sufficiently robust to provide assurance that the activities and procedures in place will achieve the objectives for the system.

## Conclusion on the Application of Controls

- 1.15 Based on the evidence obtained from our testing, we conclude for each area upon the application of established controls.

## Recommendation Grading

- 1.16 Recommendations are graded on a scale of Fundamental, Significant or Merits Attention; **Appendix E** provides further explanation.

## VALUE FOR MONEY

- 1.17 Where value for money issues are identified as a result of our work the corresponding recommendation will be annotated with **VFM** in the bottom right hand corner. This is used to identify recommendations which have potential value for money implications for the organisation or which indicated instances of over control.

## PREVIOUS AUDIT RECOMMENDATIONS (FOLLOW UP)

- 1.18 Where a previously accepted audit recommendation remains outstanding at the time of our review and the original implementation date has passed the corresponding recommendation within Appendix A will be annotated with **PAR** in the bottom right hand corner.

# EXECUTIVE SUMMARY

## FINDINGS & CONCLUSIONS

- 2.1 The results of our visit to Pembrokeshire Coast National Park Authority (PCNPA) are summarised in this section of the report and are considered in relation to each area reviewed.
- 2.2 The extent of comment in relation to each audit area is restricted deliberately so as to highlight the key issues that we believe need to be drawn to the attention of the Audit & Corporate Service Review Committee and management and are supported by a more detailed analysis of each review that is contained as Appendix A to this report.

## Risk Management

- 2.3 The objective of the review was to ensure that the Authority has appropriate systems in place to capture, escalate, mitigate, monitor and manage the risks which could impact upon the achievement of its strategic objectives.
- 2.4 The Authority has in place two documents associated with Risk Management: a Risk Management Strategy and a Risk Register Protocol. Based on discussions with the Business & Performance Manager and review we found that the documentation had not been reviewed and updated for a number of years and various aspects now require refreshing to reflect the Authority's approach; for example Authority Members are no longer allocated specific risks to monitor.
- 2.5 From review of the Risk Register and Strategy we identified the following potential improvements:
- Develop criteria to inform the scoring of both Probability and Impact within the Risk Register; for example what constitutes Impact – Minor, Moderate or Severe.
  - Introduce a form of directional indicator to show movement in each risk since the last review.
  - Clarify that current scoring reflects Residual Risk (post control). Furthermore, by extending presentation to both Inherent (pre control) and Residual the effect of controls and their perceived effectiveness can be demonstrated; with controls reviewed and improved upon until such time as the risk is managed within the Authority's appetite.
  - Clarifying the mitigating controls already in place to manage against risks (some appear to currently sit in the Mitigation and/or Comment columns) and drawing out any further mitigating controls which require implementation to bring risk within appetite; along with target timeframes against which to monitor.
  - Sources of assurance that are being used to monitor and inform knowledge of the risk.
  - Contingent controls should the risk materialise can also be beneficially captured.
  - Review risk descriptors to ensure they accurately reflect and communicate the risk; for example 22. Risk of loss of key documents.
- 2.6 The Risk Register is currently largely updated by the Business & Performance Manager based upon his knowledge of the Authority. The Risk Register as a formal standing agenda item at meetings; rather it is presented when necessary. We have suggested that the Authority consider scheduling the Register as a standing agenda item for review at management team, Audit & Corporate Services Review Committee and Operational Review Committee.
- 2.7 We would also encourage the Authority to consider devolving risk management down within its operational structure; this can improve understanding of risk and appreciation for controls operating across the Authority to manage those risks. Lower level Risk Registers can then be use to inform the Corporate level Risk Register.

- 2.8 In our comparative review of risk at Brecon Beacons National Park Authority (BBNPA) the major differences identified are that they use the Ffynonn system to maintain their Risk Register however their reported Risk Register doesn't include as much information as your own, and the Risk Register is a standing agenda item.

Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **adequate assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

## Key Financial Controls – Budgetary Controls

- 2.9 On this occasion the scope of our review focused upon the Authority's budgetary control environment.
- 2.10 The budget preparation process starts with the budget holders completing a "bottom up" proforma budget; this is then discussed at management team to balance the various budgetary pressures in line with expected funding levels to arrive at an overall budget for approval. Approved budgets are subsequently communicated back to the budget holder "top down".
- 2.11 During our audit based fieldwork a sample of three budget holders were interviewed to gain their perspective of the budgeting process; feedback was positive with all three interviewees of the opinion that communication lines with Finance are very open with regular communication and assistance provided. The Finance Manager advised that on an annual basis workshops are put on to assist budget holders in understanding the requirements for the next year's budget.
- 2.12 Any variation in budget that is considered 'important' is discussed by Finance with the budget holder. We have recommended that the Authority consider a formal variation trigger at which point discussions are prompted or budget holders expected to proactively respond; this may be expressed in both monetary and percentage terms with a de minimis limit set to remove the insignificant variations.
- 2.13 The Authority uses the Exchequer finance system. Budgetary information is sent to all budget holders on a monthly basis; including committed spend. There is also an online enquiry system for users to access information regarding budgets, actuals and commitments. The system does not allow budget holders to drill down on commitment details; we have been advised by management that an enhancement has been requested from the supplier to facilitate this functionality.
- 2.14 In our comparative review at BBNPA we found the process of budget preparation very similar; there are different finance systems in place with PCNPA choosing to use Agresso. BBNPA do not provide annual workshops for budget holders.

Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

## Health & Safety

- 2.15 The objective of the review was to ensure that the Authority has suitable oversight arrangements in place to reasonably ensure a safe environment for staff, volunteers and visitors.
- 2.16 Health and safety at PCNPA is overseen by the Personnel Manager who is based at the head office and has an assistant who assists with administration. Previously the Authority had a dedicated

Health and Safety Advisor, but now the approach adopted is to more strongly promote devolved responsibility with managers controlling operational issues in their areas.

- 2.17 The HR Assistant maintains a spreadsheet which facilitates the monitoring of qualifications and training; this clearly identified the qualifications held, any expiry dates and potential courses that are available to refresh qualifications. The same system is also used for the first aiders. Although no instances of qualification lapses were discovered during the review, we recommend that the Authority consider introducing a formal process to review the listings at set frequencies to ensure no gaps in qualifications are experienced.
- 2.18 During our review it was identified that the current risk assessments in place were being updated and transferred onto a new risk assessment format. This process was due to be completed by October 2015.
- 2.19 It was also identified from the list of site risk assessments that a number of assessments had past their review date with no explanation as to why they had not been completed; we recommend that review dates are monitored and managers reminded of their responsibility for the complying with the Authority's devolved arrangements in a timely manner.
- 2.20 There is a Health and Safety Group which meets approximately once per quarter and is attended by representatives from across the Authority's activities including Discovery, Direction, Delivery and Support; representatives are expected to cascade messages from the Group back down through their teams with the specific messages minuted. An Annual Health & Safety Report on the Authority's approach to discharging its responsibilities and incidents is provided to the full Authority meeting.
- 2.21 In our comparative review with BBNPA we found that they deploy more resources in this area having a full time H&S administrator and procuring additional out-sourced support. There was more proactive monitoring and chasing of qualifications and risk assessments.

Taking account of the issues identified above and the recommendations contained within Appendix A, in our opinion the control framework for the area under review, as currently laid down and operated, provides **substantial assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

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## APPENDIX A1 – GW 01/16 RISK MANAGEMENT

<b>Management Objective:</b>	The Authority has appropriate systems in place to capture, escalate, mitigate, monitor and manage the risks which could impact upon the achievement of its strategic objectives.		
<b>Responsible Officer:</b>	Alan Hare - Business & Performance Manager		
<b>Areas for consideration:</b>			
<ol style="list-style-type: none"> <li>1. Clear risk management policy is in place, approved and suitably communicated including responsibilities, identification, escalation, scoring mechanism, prioritisation, risk appetite and reporting.</li> <li>2. Responsibility for risk is suitably devolved throughout the organisation with risk owners receiving suitable training and support in relation to their role.</li> <li>3. Suitable processes are in place to capture risks across the organisation; particularly focused on ensuring that 'Never Events' are identified and the potential for causing critical business incidents reduced within risk appetite.</li> <li>4. A transparent 'live' risk register format is in place; with updates suitably controlled and being regularly communicated across the organisation including focused reporting to management and Board.</li> <li>5. Risk register reflects good practice; is aligned with corporate objectives and identifies the controls (first line of defence) which the organisation is relying upon to manage risk within appetite.</li> <li>6. Suitable assurance framework exists to ensure that mitigating controls are actioned, effective and remain effective in managing risk within appetite; including management and internal assurance (second line) and independent assurance (third line).</li> <li>7. Risks are suitably updated in accordance with knowledge gained from second and third lines of defence.</li> <li>8. Suitable action is taken and monitored where risk is beyond organisational appetite.</li> </ol>			
<b>Limitations to scope:</b>			
We will review the format of the current risk register with management, challenging the inclusion of risks within the register where necessary. We will consider the scoring methodology in place and its application; however, we will not seek to provide opinion over the validity of risks or scoring / priority of risks assigned by management. The review will not provide opinion over the implementation or success of mitigating controls.			
<b>Overall opinion:</b>	Adequate	<b>Adequacy of control framework:</b>	Adequate
		<b>Application of control:</b>	Adequate

Main Recommendations	Priority	Management Response	Implementation Plan
<p><b>1. Risk Management Arrangements</b></p> <p>We recommend that the Authority consider the following changes to its approach to risk management:</p> <ul style="list-style-type: none"> <li>Regular standing agenda item for review of the Risk Register at management team meetings; assisting to reduce reliance on the Business &amp; Performance Manager.</li> <li>Regular reporting to Audit &amp; Corporate Service Review Committee and Operational Review Committee in respect of the most significant risks on the Register (or the 'Top 10') at each meeting; fulfilling their governance role to ensure that management are taking suitable steps to manage risks within appetite. Other inclusions may be those beyond appetite (at any level) and risks where adverse movement places them on the boundary of what is normally reported. Complemented by annual sight of the full Risk Register for information only to an Authority meeting.</li> <li>Devolving risk management down within its operational structure; this can improve understanding of risk and appreciation for controls and assisting to reduce reliance on the Business &amp; Performance Manager.</li> </ul>	S	<p>Agreed - Could be included in Leadership Team monthly meetings.</p> <p>Already report to both Review Committees.</p> <p>Agreed.</p>	<p><b>Responsibility:</b> Alan Hare</p> <p><b>Target date:</b></p> <p>September 2015</p> <p>In place</p> <p>During 2015/16</p>
<p><b>2. Risk Register</b></p> <p>We recommend that the Authority consider the following enhancements to its Risk Register format:</p> <ul style="list-style-type: none"> <li>Directional indicator to show movement</li> <li>Both Inherent (pre control) and Residual (post control) scoring</li> <li>Clarifying mitigating controls</li> <li>Target timeframes for further controls to bring Residual risk within appetite</li> <li>Sources of assurance</li> <li>Contingent controls should the risk materialise</li> <li>Review risk descriptors</li> </ul>	S	<p>Agreed. Introduce for new risks.</p> <p>Agreed. Possible – will investigate.</p> <p>Possible but may make documentation unwieldy, by introducing largely static data. Better to emphasis changes.</p>	<p><b>Responsibility:</b> Alan Hare</p> <p><b>Target date:</b></p> <p>September 2015 September 2015</p> <p>December 2015 December 2015</p> <p>Limited changes to be introduced by December 2015</p>

Main Recommendations	Priority	Management Response	Implementation Plan
<p><b>3. Risk Management Strategy</b></p> <p>We recommend the following improvements:</p> <ul style="list-style-type: none"> <li>Update Strategy document to reflect current practice and responsibilities.</li> <li>Develop criteria to inform the scoring of both Probability and Impact within the Risk Register; for example what constitutes Impact – Minor, Moderate or Severe.</li> </ul>	<p><b>MA</b></p>	<p>Agreed, but not a priority.</p> <p>Difficult to specify criteria for the nature of most of our risks. Not everything has clear financial value.</p>	<p><b>Responsibility:</b> Alan Hare</p> <p><b>Target date:</b> April 2016</p>
<p>The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.</p>			

## APPENDIX A2 – GW 02/16 KEY FINANCIAL CONTROLS – BUDGETARY CONTROL

<b>Management Objective:</b>	The Authority’s systems of financial control are adequate to ensure that management information is accurate, reliable, timely and appropriate to the structure and operations of the business. On this occasion the scope of our review will focus upon the Authority’s budgetary control environment.		
<b>Responsible Officer:</b>	Richard Griffiths - Finance Manager		
<b>Areas for consideration:</b>			
<ol style="list-style-type: none"> <li>1. Budget holder responsibility is clearly established, communicated, training provided and support available from the Finance team as necessary; including delegated mandates / criteria within which they must operate e.g. budget requirements.</li> <li>2. Budget holders who fail to observe and act within delegated criteria are identified and suitable actions taken.</li> <li>3. Suitably robust budget setting process in place including engagement with budget holders and informed documented assumptions; including the matching of significant income and associated expenditures.</li> <li>4. Realistic budgets are structured in an appropriate manner and budget holders have sufficient autonomy, responsibility and accountability for the financial performance of their devolved areas in respect of both income generation and expenditure.</li> <li>5. Devolved budgets are formally agreed with the budget holder and the overall budget approved by Authority in advance of the financial year.</li> <li>6. Regular budgetary reports are provided to budget holders for monitoring, to inform decisions and to provide insight into significant variances and inform governance processes surrounding financial management accounts.</li> <li>7. Financial management accounts are regularly prepared and reported to Executive team and Authority in a timely manner along with suitable explanation of significant variances (£ and/or % terms).</li> </ol>			
<b>Limitations to scope:</b>			
Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist. The review will only cover those areas of risk stated above and will not seek to verify the current financial position.			
<b>Overall opinion:</b>	Substantial	<b>Adequacy of control framework:</b>	Good
		<b>Application of control:</b>	Good
<b>Main Recommendations</b>			
<b>1. Variation Trigger Limit</b>	MA	Budget holders currently acknowledge their budget review using the quarterly budget monitoring response form. We will consider whether budget holders be requested to provide explanations on variances of £5,000 or more.	<b>Responsibility:</b> Richard Griffiths  <b>Target date:</b> October 2015
The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.			

## APPENDIX A3 – GW 03/16 HEALTH & SAFETY

<b>Management Objective:</b>	To ensure that the Authority provides a safe environment for staff, volunteers and visitors; recognising its legal obligations and best practice.		
<b>Responsible Officer:</b>	June Skilton - Personnel Manager		
<b>Areas for consideration:</b>			
<ol style="list-style-type: none"> <li>1. There is a Health and Safety Policy and Procedure in place which is approved and appropriately communicated throughout the Authority to ensure that staff, volunteers and visitors are made aware of key health and safety issues.</li> <li>2. Responsibility for health and safety is appropriately assigned and channels of communication exist to ensure that updates, reports and remedial actions are appropriately disseminated.</li> <li>3. Staff and volunteers attend a suitable induction which includes aspects such as First Aid, Fire &amp; Evacuation, Safe Handling, Use of Vehicles and Work Place / Task Assessment.</li> <li>4. Staff using specialist equipment / vehicles is suitably trained or qualifications verified.</li> <li>5. An appropriate schedule of Health and Safety Risk Assessments is in place and monitored centrally according to set procedures; including: Office Premises, Visitor Centres &amp; Attractions, Open Spaces (inc. Infrastructure, Land &amp; Trees).</li> <li>6. Actions arising from risk assessments are prioritised, assigned, actioned and monitored through to completion; including routine servicing for aspects such as Vehicles, Lifts and other equipment.</li> <li>7. Incident Reporting processes are in place to ensure timely communication, consideration, response and reporting (internal and RIDDOR).</li> <li>8. Schedule of qualified First Aiders is maintained and updated, contact points promoted and coverage maintained for core operating periods.</li> <li>9. Health and safety resources are suitably monitored and renewed; including aspects such as Personal Protective Equipment, First Aid Boxes, and Fire Extinguishers.</li> <li>10. Portable Appliance Testing (PAT) is undertaken and monitored in accordance with Authority policy (annual or risk based frequency).</li> <li>11. Out of Hours and Lone Working Procedures are in place and suitable training provided to those at risk to ensure that risks are suitably assessed and mitigated.</li> <li>12. Management information is timely and accurate enabling remedial action to be taken where appropriate and lessons learnt; including actual and near miss incidents.</li> </ol>			
<b>Limitations to scope:</b>			
The review will concentrate upon management controls in place to ensure that the Authority meets its responsibilities and minimises the risk to which staff and visitors may be exposed. The review will not provide opinion over strict legal compliance with all health and safety legislation.			
<b>Overall opinion:</b>	Substantial	<b>Adequacy of control framework:</b>	Good
		<b>Application of control:</b>	Good

Main Recommendations	Priority	Management Response	Implementation Plan
<p><b>1. Expired Qualifications</b></p> <p>We recommend that the Authority implement a formal review of qualification expiry dates at set frequencies so as to prompt timely renewal and booking onto courses etc.</p>	MA	<p>Agreed.</p>	<p><b>Responsibility:</b> June Skilton</p> <p><b>Target date:</b> First formal review 28 February 2016 to inform following years appraisals and training plan</p>
<p><b>2. Site Risk Assessments</b></p> <p>Once all risk assessments are renewed (target date October 2015) we recommend that going forward a review process is undertaken at set frequencies or triggers so as to prompt timely renewal and submission of updates.</p>	MA	<p>Agreed.</p> <p>NPA policy requires annual submission of site RAs, with paper to April H and S Group each year. Need to review if this is still appropriate and then comply with whatever is agreed.</p> <p>Team Safety Plans to be reviewed at least annually, formal review process will be implemented.</p> <p>There is no plan to hold all generic, task, etc RAs centrally, however annual submission of property and team plans will ensure that RAs are kept under review.</p>	<p><b>Responsibility:</b> Charles Mathieson &amp; June Skilton</p> <p><b>Target date:</b> First formal review 28 February 2016 to be reported in April to whatever group is agreed</p>
<p>The Executive Summary may also contain comment in relation to minor issues of non-compliance or improvement to process.</p>			

## APPENDIX B – SUMMARY OF OPINIONS & RECOMMENDATIONS

Reports being considered at this Audit & Corporate Services Review Committee meeting are shown in italics. The definitions with regard to the levels of assurance given and the classification of recommendations can be found in the Notes section at the end of this report.

Audit	Progress	Opinion	Recommendations Made				
			F	S	MA	Total	Agreed
1. <i>Risk Management</i>	<i>Final Report</i>	<i>Adequate</i>	0	2	1	3	3
2. <i>Key Financial Controls – Budgetary Control</i>	<i>Final Report</i>	<i>Substantial</i>	0	0	1	1	1
3. <i>Health &amp; Safety</i>	<i>Final Report</i>	<i>Substantial</i>	0	0	2	2	2
4. Corporate Governance							
5. Department/ Operational Review							
<b>Total</b>			<b>0</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>6</b>

At the moment there is nothing that impacts negatively upon our annual opinion.

## APPENDIX C – OPERATIONAL PLAN 2015/2016

Following discussions with management the following schedule has been agreed:

Block 1	Audit & Corporate Services Review		Resource (Days)		Comments
	Planned	Actual	Planned	Actual	
Audit					
1. Risk Management	Nov 15	Nov 15	3	3	
2. Key Financial Controls – Budgetary Control	Nov 15	Nov 15	3	3	
3. Health & Safety	Nov 15	Nov 15	3	3	
Follow Up	Nov 15		2		Delayed until Block 2
Management			2	2	
<b>Total</b>			<b>13</b>	<b>11</b>	

Block 2	Audit & Corporate Services Review		Resource (Days)		Comments
	Planned	Actual	Planned	Actual	
Audit					
3. Corporate Governance	Feb / May 16		3		
4. Departmental / Operational Review	Feb / May 16		7		
Management			2		
<b>Total</b>			<b>12</b>		

<b>Total 2015/16</b>		<b>25</b>	<b>11</b>
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## APPENDIX D – PERFORMANCE INDICATORS YTD

### Report Turnaround

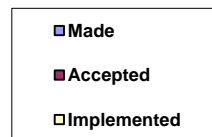
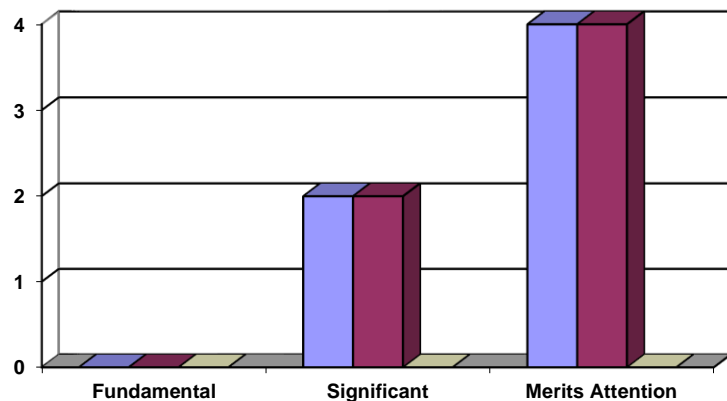
Performance Indicator	Target	Actual	Comments
Draft report turnaround (average working days)	10 days	10 days	
Final report turnaround (average working days)	5 days	5 days	

### Resources

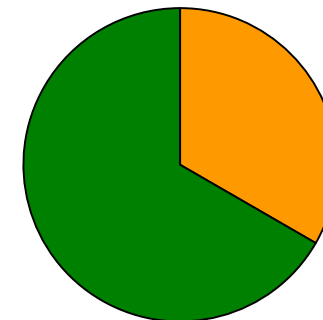
Performance Indicator	Annual	Actual	Comments
Number of Audit Days	25	11	On track
Audit Fee	Within Budget	Within Budget	On track
Head of Internal Audit	14%	22%	
Specialist / IT Auditor Input	12%	0%	
Audit Supervisor	44%	41%	
Auditor	30%	37%	

### Recommendations

#### Made, Accepted & Implemented



#### Analysis of Priority



# APPENDIX E – NOTES

## KEY FOR RECOMMENDATIONS

<b>Fundamental (F)</b>	- The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan. In the Authority's Risk Management Policy this approximates to the Risk Grading - TBC policy does not currently contain criteria.
<b>Significant (S)</b>	- Attention to be given to resolving the position as the organisation may be subject to significant risks. In the Authority's Risk Management Policy this approximates to the Risk Grading - TBC policy does not currently contain criteria.
<b>Merits Attention (MA)</b>	- Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness. In the Authority's Risk Management Policy this approximates to the Risk Grading - TBC policy does not currently contain criteria.

## ASSURANCE LEVELS

OVERALL OPINION (ASSURANCE)	FRAMEWORK OF CONTROL	APPLICATION OF CONTROL	EXPLANATION	TYPICAL INDICATORS
Substantial (Positive opinion)	Good	Good	The control framework is robust, well documented and consistently applied therefore managing the business critical risks to which the system is subject.	There are no fundamental or significant recommendations attributable to either the Framework or Application of Control.
Adequate (Positive opinion)	Good	Adequate	As above however the audit identified areas of non-compliance which detract from the overall assurance which can be provided and expose areas of risk.	There are no fundamental recommendations surrounding the Framework of Control; coupled with no fundamental and no more than two significant recommendations attributable to the Application of those controls.
	Adequate	Good	The control framework was generally considered sound but with areas of improvement identified to further manage the significant risk exposure; controls were consistently applied.	There are no fundamental recommendations attributable to the Framework of Control.
	Adequate	Adequate	As above however the audit identified areas of non-compliance which expose the organisation to increased levels of risk.	There are no fundamental recommendations attributable to the Framework and Application of Control.
Limited (Negative opinion)	Good / Adequate	Weak	As above however the extent of non-compliance identified prevents the Framework of Control from achieving its objectives and suitably managing the risks to which the organisation is exposed.	There are more than two significant recommendations attributable to the Application of Controls.
	Weak	Good / Adequate	The control framework despite being suitably applied is insufficient to manage the risks identified.	There are more than two significant recommendations attributable to the Framework of Controls.
No (Negative opinion)	Weak	Weak	Both the Framework of Control and its Application are poorly implemented and therefore fail to mitigate the business critical risks to which the organisation is exposed.	There are fundamental recommendation(s) attributable to either or both the Framework and Application of Controls which if not resolved are likely to have an impact on the organisations sustainability.

The above is for guidance only; professional judgement is exercised in all instances.