



BDO INTERNAL AUDIT - SUMMARY OF CONCLUSIONS

Northamptonshire Children's Trust

2021/22

IDEAS | PEOPLE | TRUST



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SUMMARY OF 2021/22 WORK

Internal Audit 2021/22

This report details the work undertaken by the BDO co-sourced internal audit for Northamptonshire Children's Trust (NCT or 'the Trust') and provides summary findings of the effectiveness of the controls in place for the full year in relation to the reviews undertaken by BDO. Internal Audit has been provided to NCT via a co-sourced engagement between the Internal Audit Shared Service and BDO. The following reports have been issued for this financial year:

Issued in final by BDO

- Policies and Procedures
- Creditors
- Scheme of Delegation
- Target Operating Model
- Budget Management
- Cyber Security Essentials
- Placements Contract Management
- CareFirst
- Social Care Transport
- Foster Care and Special Guardianship Payments
- Payroll.

Issued in final by the Internal Audit Shared Service

- Organisational Governance (Functions of the Board).

We have detailed the conclusions of each report and key findings on pages 6 - 12. Our internal audit work was completed over the 12-month period from 1 February 2022 to 20 January 2023 and was carried out in accordance with the internal audit plan agreed and approved between the Internal Audit Shared Service, Trust management and the Finance, Resources and Audit Committee. BDO had no input in the development of the 2021/22 audit plan for the Trust. There were no restrictions placed upon the scope of our audit work complied with Public Sector Internal Audit Standards.

Summary

The role of internal audit is to conduct reviews for the Trust, through the Finance, Resources and Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed only. The report summarises our work on the adequacy and effectiveness of the organisation's arrangements in relation to the work undertaken. It also summarises the activities of internal audit for the period. In reaching our conclusions, we conducted:

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit plan completed by BDO

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- This conclusions has taken account of the relative materiality of these areas and management's progress and willingness in respect of addressing control weaknesses (however, our role did not involve conducting formal follow-up of recommendations).

Overall, we are able to confirm:

- For the year 2021/22, 12 audit reports have so far been issued in final. Of these reports, seven relate to processes or services that are owned by NCT (Policies and Procedures, Scheme of Delegation, Target Operating Model, Budget Management, Organisational Governance, Placements Contract Management and Foster Care and Special Guardianship Payments). The remaining five are services that are provided to NCT by WNC or NNC via the service contract (Creditors, Payroll, Cyber Security Essentials, CareFirst and Social Care Transport)
- Of the seven audits that relate to processes owned by NCT, all seven were given either good or satisfactory assurance for both adequacy of system (Good: 5, Satisfactory: 2) and compliance (Good: 5, Satisfactory: 2)
- Of the seven audits that relate to processes owned by NCT, none were judged to have a major organisational impact (Moderate: 4, Minor: 3)
- Of the five audits that relate to services provided to NCT via the service contract, one received substantial assurance for adequacy of system (creditors) and one received substantial assurance for compliance (Payroll). However, the remaining three received limited assurance for either adequacy of system (CareFirst) or compliance (Social Care Transport), or in one case for both (Cyber Security Essentials)
- Whilst 18 essential and 24 important recommendations have been raised across all reports issued in final or draft, management and officers have demonstrated high levels of engagement and a willingness to take action to improve the adequacy of controls and compliance with those controls. This is evidenced with regard to the CareFirst report, where management are already engaging in discussions with the Council about replacing the CareFirst system, and with the Social Care Transport service which is a high priority area for the Council
- Our experience attending three NCT Finance, Resources and Audit Committees has evidenced a strong committee that questions and holds to account management and the internal audit service on the reports being presented. However, if we were engaged with providing the internal audit service to the Trust from the start of the year, we would also be conducting follow up of audit recommendations to confirm they have been implemented, which is a vital part of the internal audit process. This has not been part of our engagement to date and is not something we have witnessed taking place. We therefore cannot give a view on the completeness of implementing audit actions, meaning it does not form part of our annual opinion
- External audit have highlighted to us the high level of engagement they have had with NCT's senior management and their willingness to support the audit process. These discussions did not highlight any areas of significant or unmanaged risk which might impact the level of assurance we could provide
- In June 2019, prior to the formation of Northamptonshire Children's Trust, children's services at Northamptonshire County Council were assessed as 'Inadequate' by Ofsted. Since this assessment, there have been three visits to the authority, with the report from the latest visit being published in March 2021. This visit found the 'stable and committed senior leadership team is steadily achieving improvements in the quality of services for children in care'. Northamptonshire Children's Trust was subsequently assessed as 'Requires Improvement to be Good', indicating that improvements have been made since the prior assessment.
- Our Target Operating Model audit found that reporting on operational performance takes place regularly each month against an established set of KPIs, as agreed with the Councils. The audit found that the Trust was largely meeting KPIs, or within the agreed tolerance for each indicator, and where KPIs were not met, commentary was provided to evidence the steps being taken to improve performance

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- The Annual Report of the Service Delivery Contract between NCT and West and North Northamptonshire Councils shows that the Trust had an approximate £1m overspend for the 2021/22 financial year against a budget of £123m. This is mitigated by a carry forward reserve of £1m from the period November 2020 - March 2021, giving the Trust a balanced financial position for the period from when the Trust was formed to the end of March 2022
 - Overall, while there remain some gaps and risks, our work has concluded that NCT has generally been able to maintain reasonable controls, particularly given the infancy of the organisation and complex environment NCT finds itself in as a result of the formation of the two unitary councils and the disaggregation of services taking place across the unitaries
 - We were not appointed until February 2022 and delivered the work largely after the end of the financial year. Therefore, whilst we looked back at the year in question when completing our work, we were not in place throughout the year to observe the organisation. This places limitations on our knowledge of the organisation and its culture over the period to which our work relates and our conclusions are only in relation to the work undertaken by BDO.

REVIEW OF 2021/22 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)			Summary of Key Findings / Recommendations
	E	I	S	Adequacy of System	Compliance	Organisational Impact	
Issued in final by BDO							
Policies and Procedures	-	2	-	Satisfactory	Good	Moderate	<p>Policies and Procedures are a key aspect of good governance to help ensure that objectives and responsibilities are achieved, are lawful and timely and that public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.</p> <p>Overall out audit found that whilst there was good levels of compliance with the requirements of policies which were included within our sampling, we found there to be no systematic process for monitoring policies and ensuring they are reviewed and updated in a timely manner. This resulted in our assessment of satisfactory assurance for adequacy of system and good assurance for compliance, with a moderate organisational impact.</p> <p>We raised two important recommendations to improve how policies are monitored and updated within the Trust and to ensure that all policies are compliant with key legislations, such as GDPR requirements.</p>
Creditors	-	1	-	Substantial	Good	Minor	<p>The purpose of this audit was to provide assurance that accounts payable transactions are being processed in line with the SLA in place between the Trust and WNC, and that there are sufficient KPIs within the SLA and reporting on these KPIs to monitor performance of the service.</p> <p>Overall, our audit found that whilst there were robust procedures and controls embedded within the SLA to ensure timely and accurate payment to NCT's creditors, we identified one instance in our sample testing of 20 payments where the invoice was paid at a higher value to what was on the goods received note, with no evidence available which explained the discrepancy. This resulted in our assessment of substantial assurance for adequacy of system and good assurance for compliance, with a minor organisational impact.</p> <p>We raised one important recommendation to ensure that any discrepancies between</p>

							purchase orders, invoices and goods received notes are investigated and resolved prior to payment being made.
Scheme of Delegation	-	3	-	Good	Satisfactory	Moderate	<p>The Scheme of Delegation (SOD) should provide clear limits for individuals and committees' authority within the organisation. The purpose of this audit was to provide assurance that the SOD has been formally defined and is operating effectively.</p> <p>We found that whilst the SOD has been formally approved, there is no clear review process to ensure it is kept up to date. Whilst we did not identify any instances where individuals were approving outside of their delegated authority, our sample testing did find that operational processes performed by staff did not consistently agree with the processes recorded within the SOD. This resulted in our final assessment of good assurance for adequacy of system and satisfactory assurance for compliance, with a moderate organisational impact.</p> <p>We raised three important recommendations to implement a systematic review process to ensure the SOD is kept up to date, complete a one-off full review of the operational processes contained within the SOD to ensure they are appropriate and to provide training to staff to ensure they are following the processes accurately.</p>
Budget Management	-	2	-	Good	Good	Moderate	<p>Effective budget management ensures that available resources are prioritised appropriately to enable an organisation's objectives to be met. The purpose of this audit was to provide assurance that there are sufficient controls in place to set appropriate budgets and monitor performance against these budgets through the year.</p> <p>Our audit identified that overall budgets are being met and there is effective monitoring of performance against budgets. However, we found that budget holders are not consistently engaged in the budget setting process from the beginning and are not provided with a suitable level of training to enable them to effectively discharge their responsibilities for budgeting. This resulted in our final assessment of good assurance for adequacy of system and good assurance for compliance, with a moderate organisational impact.</p> <p>We raised two important recommendations to ensure that at the start of the annual budget setting process that all budget holders are engaged with and asked for their input, and that all of these budget holders are provided with more in-depth financial training.</p>
Cyber Security Essentials	10	3	-	Limited	Limited	Major	Information Technology (IT) systems enable the Council to provide its critical services to its customers and are used to collect, process and retain ever increasing amounts of confidential information. The vulnerabilities that exist in these IT systems, as well as the infrastructure that supports them, combined with a

							<p>perceived lack of awareness regarding security issues, have led to attackers targeting public organisations and may expose the Council to the risk of a cyber security attack. The purpose of this audit was to appraise the design and operational effectiveness of the Council's and Trust's cyber security arrangements in place for four out of 10 cyber security steps, specifically: Network Security, Malware Prevention, Mobile Working and Incident Management.</p> <p>Our audit identified a lack of documented policies and procedures to manage network security and define responsibilities. The Network Security Policy was in the early stages of development. Whilst there were technical controls in place to monitor and protect the network perimeter, and an anti-malware solution in place, we identified a number of key areas where controls could be further improved including unsupported systems, log monitoring and cyber incidents management.</p> <p>We also found discrepancies when reconciling the devices on Active Directory to the device listing from Trend Micro. There were several instances where key modules within Trend Micro were outdated, with not all systems being updated. Our review of the Active Directory device listing also noted several systems running Windows 7, Windows Server 2008 and XP which last had user activity between April 2021 - May 2022 and is no longer supported by Microsoft.</p> <p>This resulted in our final conclusion of limited assurance for adequacy of system and limited assurance for compliance, with a major organisational impact.</p> <p>We raised 10 essential and three important recommendations, which included but was not limited to ensuring the Network Security Policy is updated, establishing a Cyber Security Working Group, putting in place IT automatic updates for all windows clients, developing a remote working policy and regularly monitoring InTune to determine device compliance.</p>
Placements Contract Management	-	6	1	Satisfactory	Satisfactory	Moderate	<p>Children and young people may be put into a range of different residential settings including foster care and independent support accommodation. In these instances, individual placement agreements (IPAs) are established per child and include details of the contract including costs. The purpose of this audit was to provide assurance on the adequacy of arrangements for managing outcomes and monitoring costs of placement contracts.</p> <p>Our audit found that in all cases tested as part of our sample testing there was evidence of a best match form being completed and approval for the placement was provided in line with the scheme of delegation. However, we found that currently there is no placement review and approvals panel meeting to monitor placements. There was also one missing IPA for an in-house residential placement and not all best match forms were signed by social workers to evidence their review. This resulted in our final assessment of satisfactory assurance for adequacy of system,</p>

							and satisfactory assurance for compliance, with a moderate organisational impact. We raised six important recommendations which included ensuring social workers sign all best match forms and implementing the Access and Resources Panel with responsibility to review the appropriateness of and approve placements.
CareFirst	4	2	2	Limited	Satisfactory	Moderate	<p>CareFirst is a web based, multi modular Case Management system commonly used by the Council and Trust to record care arrangements, statutory interventions and related events pertaining to Social Care Service Users. In addition to case recording, CareFirst has functionalities which enable the Council and Trust to control payments to external care providers and the delivery of Services to meet assessed needs.</p> <p>The objective of this audit was to consider whether appropriate control is being exercised over the CareFirst system, including access rights, contingency planning, disaster recovery and data integrity and that interfaces to and from other systems are accurate and properly controlled.</p> <p>Our review found that for a sample of 10 users the security declaration and mandatory training for using the system had been completed Furthermore, data entry procedures are documented and available to users on SharePoint. Data input is also reviewed by senior officers before processing any payments.</p> <p>However, since the formation of WNC, NNC and NCT, the roles and responsibilities for system support management have not been clearly defined to ensure effective use of resources, and arrangements for user access are being duplicated with managers having to raise additional requests for new or leaving users. Leavers are also not being removed from the CareFirst system, with there being 1,116 users who have not logged in to the system, and some users who have not logged in for up to 3,877 days, dating back to 2011.</p> <p>There is also no documentation of business continuity or backup arrangements. There was previously a failover server but this is no longer in place due to cost pressures, meaning there is no recovery option and a clear point of failure on the system.</p> <p>Overall the system is outdated and not user friendly, and due to the age of the system there are limited improvements that can be made.</p> <p>This resulted in our final assessment of limited assurance for adequacy of system and satisfactory assurance for compliance, with a moderate organisational impact.</p> <p>We raised four essential and two important recommendations. These included but were not limited to putting in place a user access management process and removing all inappropriate users, putting in place a contingency plan for continuing essential activities in the event of a system failure and clarifying all roles and responsibilities in relation to the system. There is also the need to undertake a</p>

							comprehensive review of the system to determine whether it can meet the needs of stakeholders, following which a plan should be put in place for the systems future.
Social Care Transport	4	4	4	Satisfactory	Limited	Major	<p>There is a statutory duty to provide travel arrangements for Children requiring it as part of their social care arrangements. The audit will seek to provide assurance that the Council has in place appropriate arrangements to commission transport with the safeguarding needs of children being a priority.</p> <p>Our testing identified that there are clearly documented transport policies and codes of conduct in place which highlight the responsibilities of stakeholders, including the controls that are in place to ensure the safeguarding of children, such as annual audits carried out on providers.</p> <p>However, our audit found non-compliance with these processes and controls, including non-completion of audits for some providers and inconsistently documented spot checks.</p> <p>This resulted in our final assessment of satisfactory assurance for adequacy of system, and limited assurance for compliance, with a major organisational impact.</p> <p>We raised four essential and four important recommendations, which includes making sure that any actions required of providers that are identified during audits are followed up to confirm completion, ensuring that annual audits are completed for all providers, and agreeing a set of management KPIs that should be reported on a monthly basis to service management to monitor performance of the service.</p>
Target Operating Model	-	-	3	Good	Good	Minor	<p>Performance monitoring requires timely and accurate reporting of information to assess the Trust's performance against local and national indicators. The purpose of this audit was to provide assurance the performance management processes in place are sufficient to provide accurate, timely and reliable assurance to senior management and the Board.</p> <p>Our audit identified that whilst there is a service contract which details local and national indicators that should be reported against monthly, the contract has not been subject to its annual review to confirm these indicators and reporting processes are up to date. Furthermore, whilst there is an agreed process for preparing KPI reports, these are not documented and are the responsibility of a single individual, which could present an issue if the individual involved leaves unexpectedly. This resulted in our final assessment of good assurance for adequacy of system and good assurance for compliance, with a minor organisational impact.</p> <p>We raised no essential or important recommendations, but three standard recommendations were raised, including to ensure clear procedures and guidance are in place for producing performance reports and to ensure there is documented</p>

							approval of reports before they are issued to committees for consideration.
Foster Care and Special Guardianship Payments	-	-	2	Good	Good	Minor	<p>Both foster carers and special guardians are paid, as a minimum, an allowance. These are paid on a weekly basis whilst additional ad hoc payments may also be made, such as around the child's birthday, festivals such as Eid and Christmas as well as, in some instances, initial clothing grants. Expenses are also able to be claimed, with the biggest expense being mileage. The Trust must have sufficient controls to ensure timely and accurate payments are made.</p> <p>Our audit identified that sufficient documentation was in place to evidence new and ceased carers were being processed accurately, that one-off expenses were processed in line with agreed procedures and that in any instances where overpayments were made, processes were followed to rectify these. However, we noted that documented policies and procedures were overdue for review and payment reconciliation forms were not being signed to evidence appropriate review was taking place.</p> <p>We raised no essential or important recommendations, but two standard recommendations were raised. These included updating policies and procedures and implementing document control, and ensuring payment reconciliations are reviewed and signed off each week by a supervisor.</p>
Payroll	-	-	1	Good	Substantial	Minor	<p>An important part of employee management is ensuring timely and accurate payments are made each month which align with Trust employee contracts. The Trust procures its payroll service from WNC as part of the Service Level Agreement between the organisations.</p> <p>Our audit identified that sufficient KPIs are built in to the SLA between WNC and NCT and that sufficient controls are in place to identify significant errors in payroll data. However, due to the design of the payroll controls, there is a risk that lower value inaccuracies in the payroll data could be present, potentially resulting in incorrect payments being made to staff.</p> <p>We raised no essential or important recommendations, but one standard recommendation was raised. This recommendation involved completing a full review of the payroll data to identify any lower value inaccuracies which could be processed each month to identify whether further controls need to be considered.</p>
Issued in final by Internal Audit Shared Service							
Organisational Governance (Functions of the Board)	-	1	4	Good	Good	Minor	The Trust is managed by an independent board of Executive and Non-Executive Directors, to ensure operational independence. The Board is the responsible body for the performance of the Trust in terms of delivering its legal and contractual obligations and achieving outcomes for children and young people in

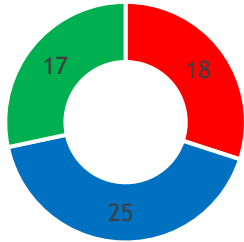
						<p>Northamptonshire. The purpose of this audit was to provide assurance over effectiveness of governance arrangements, as overseen by the Board.</p> <p>This audit found that whilst governance measures are largely robust and compliance with these measures was good, there was no terms of reference which brought together the duties of the Board, as documented in the articles of association and service delivery contract, together in one place. This, along with other minor findings identified during the audit, resulted in a final assessment of good assurance for adequacy of system and good assurance for compliance, with a minor organisational impact.</p> <p>One important recommendation was raised for the Board to develop and approve a comprehensive terms of reference which should set out all duties and responsibilities of the Board and be periodically reviewed.</p>
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SUMMARY OF FINDINGS

RECOMMENDATIONS AND ASSURANCE DASHBOARD

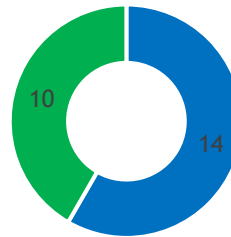
Recommendations 2021/22

Recommendations across all reports



■ Essential ■ Important ■ Standard

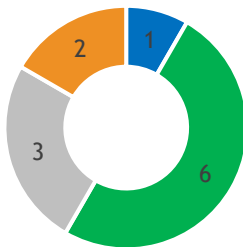
Recommendations for Trust specific reports (seven reports)



■ Important ■ Standard

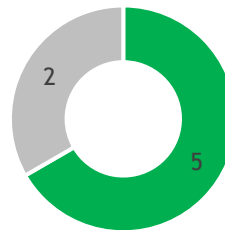
Adequacy of System 2021/22

Adequacy of system assurance across all reports



■ Substantial ■ Good ■ Satisfactory ■ Limited

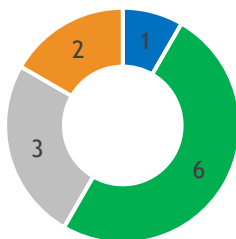
Adequacy of system assurance across Trust specific reports (seven reports)



■ Good ■ Satisfactory

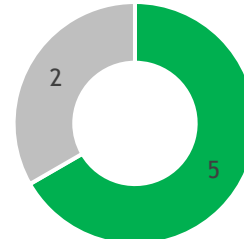
Compliance 2021/22

Compliance assurance across all reports



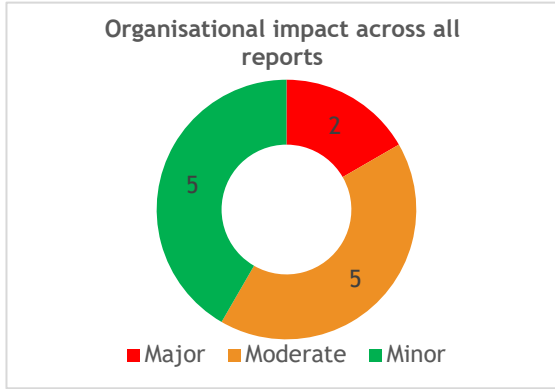
■ Substantial ■ Good ■ Satisfactory ■ Limited

Compliance assurance for Trust specific reports (seven reports)

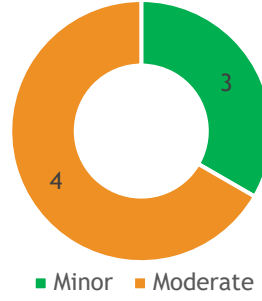


■ Good ■ Satisfactory

Organisational Impact
2021/22



Organisational impact across Trust specific reports (six reports)



ADDED VALUE



USE OF SPECIALISTS

We undertook two IT reviews this year (Cyber Security and CareFirst) and deployed an IT specialist to undertake the work.



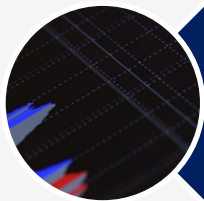
RESPONSIVENESS

We ensured we were responsive to the Trust's needs by amending timelines and being receptive of requests for additional services, such as the provision of the annual audit opinion.



BEST PRACTICE

All audit findings and recommendations take in to consideration best practice identified from previous reviews across our client base, and where appropriate we share specific examples of this best practice, such as in the Social Care Transport report.



INNOVATION

As noted above, we utilised our audit days to ensure areas of highest risk were covered. Additionally, we undertook data analytics where possible including in Creditors and Payroll.

KEY THEMES



PEOPLE

The Trust welcomed internal audit and largely provided us with time and support during our reviews. However, finance training for budget holders could be improved as stated in the Budget Management report.



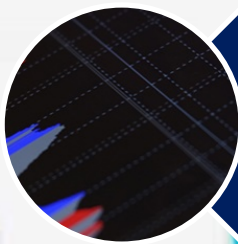
SYSTEMS & PROCESSES

Whilst we identified that the systems and processes were largely operating effectively, there were some areas for improvement such as the compliance with the documented procedures within the Scheme of Delegation.



POLICES & PROCEDURES

Overall, policies and procedures were in place. However, there was limited tracking and monitoring of these policies to ensure they are kept up to date.



GOVERNANCE & FOLLOW UP

Governance processes were largely robust with formal reporting lines established. This will be important in ensuring audit actions are implemented on a timely basis.

However, to be fully effective it is important to hold Internal Audit to account and obtain further insights in to the quality of their work. Whilst this year the audits were delivered in a short space of time and the focus was on completing audits, moving forwards it would be important to establish KPIs for the audit service to monitor performance.

BACKGROUND TO SUMMARY

Introduction

Our role as co-sourced internal auditors to Northamptonshire Children's Trust is to provide a summary to the Board in relation to the reviews conducted by BDO, through the Finance, Resources and Audit Committee. 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 for the reviews conducted only.

Our internal audit work for the 6-month period from 1 February to 11 August 2022 was carried out in accordance with the internal audit plan approved by the Internal Audit Shared Service and the Finance, Resources and Audit Committee. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

Audit Approach

We have reviewed the control policies and procedures employed by Northamptonshire Children's Trust to manage risks in business areas identified by management set out in the 2021-22 Internal Audit Annual Plan approved by the Internal Audit Shared Service and Finance, Resources and 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 Northamptonshire Children's Trust 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.

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 Finance, Resources and Audit Committee is to agree reports with management and then present and discuss the matters arising at the Finance, Resources and Audit Committee.

Management actions on our recommendations

Management have generally been conscientious in reviewing and commenting on our reports. For the reports that have been finalised, management have responded positively. The responses indicate that appropriate steps to implement our recommendations are expected.

Relationship with external audit

All our final reports are available to the external auditors through the Finance, Resources and 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.



APPENDIX I

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Adequacy of System Opinion	Findings	Compliance Opinion	Findings
Substantial	There are minimal control weaknesses that present very low risk to the control environment.	There is a sound system of internal control designed to achieve system objectives.	The control environment has substantially operated as intended with no notable errors detected.	The controls that are in place are being consistently applied.
Good	There are minor control weaknesses that present low risk to the control environment.	Largely a sound system of internal control designed to achieve system objectives with limited exceptions.	The control environment has largely operated as intended although some errors have been detected.	Evidence of limited non-compliance with a limited number of controls that may put some system objectives at a low level of risk.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	The control environment has mainly operated as intended although errors have been detected.	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
Limited	There are significant control weaknesses that present a high risk to the control environment.	System of internal controls is weakened with system objectives at risk of not being achieved.	The control environment has not operated as intended. Significant errors have been detected.	Non-compliance with key procedures and controls places the system objectives at risk.
No	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	Poor system of internal control.	The control environment has fundamentally broken down and is open to significant error or abuse.	Non-compliance and/or compliance with inadequate controls.

ORGANISATIONAL IMPACT DEFINITION	
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

RECOMMENDATION SIGNIFICANCE DEFINITION	
Essential	Action is imperative to ensure that the objectives for the area under review are met.
Important	Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Standard	Action recommended to enhance control or improve operational efficiency.

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