

AUDIT PROGRESS REPORT 2020/21

1 PURPOSE OF REPORT

- 1.1 This report provides Members with an update on the work of the Internal Audit team, in terms of progress made against the annual audit plan and action taken by service departments in implementing audit recommendations.
- 1.2 Detail of the progress made in delivery of the annual audit plan is provided for in **Appendix A**.

2 INTRODUCTION

- 2.1 Internal Audit is a statutory requirement under the Accounts and Audit Regulations. Internal Audit's work is monitored through regular reports presented to this Committee.
- 2.2 Due to the deferral of the May Audit Committee, the 2020/21 Internal Audit Plan is presented for approval at this meeting.

3 RISK IMPLICATIONS

- 3.1 Failure to operate a robust assurance process (which includes delivering the Internal Audit Annual Plan) increases the risk that inadequacies in the Council's risk management, governance and control arrangements are not identified and effective remedial action agreed and implemented.
- 3.2 If the Internal Audit Plan is not substantially completed by June 2021, the Chief Audit Executive (CAE) may not be able to give a sufficiently informed opinion on the Council's control environment. The CAE's opinion is a source of assurance for the Annual Governance Statement (AGS), which is also considered by the Audit Committee and is of interest to the external auditors for their assessment of the Council's arrangements to economically, efficiently and effectively use its resources. The lack of CAE opinion could negatively impact on the AGS and Value for Money assessment.
- 3.3 The main risk to delivering the audit plan is the risk of insufficient resources, this is considered below

4 RESOURCE IMPLICATIONS

- 4.1 Excluding the Chief Audit Executive function (provided by Basildon Borough Council) the audit resource at the commencement of 2020/21 was 2 full time equivalent (FTE) staff. From June 2020 onwards the available resource is 1 FTE due to a member of the team commencing maternity leave.
- 4.2 The Annual Audit Plan for 2020/21 takes into account the reduced FTE and the possibility of potential resource being made available from Basildon Borough Council in the latter part of the financial year.

5 LEGAL IMPLICATIONS

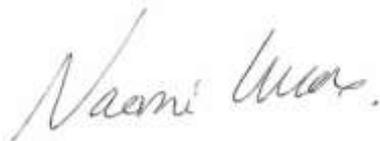
- 5.1 Under the Local Government Act 1972 (s151) and the Accounts and Audit Regulations, the Council has a responsibility to maintain an adequate and effective Internal Audit function.
- 5.2 The Internal Audit Section works to the statutory Public Sector Internal Audit Standards. This includes the requirement to prepare and present regular reports to the Audit Committee on the performance of the Internal Audit service.
- 5.3 Internal audit is a key way in which Members can be assured that the Council is using its resources effectively and that the Council is discharging its fiduciary duties concerning taxpayers' money. It helps services to design systems which have appropriate controls and also helps identify and respond to breaches if they occur. The report seeks to update the Committee on the activities of the Council's Internal Audit section for the purposes of providing further assurance.

6 EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 An Equality Impact Assessment has not been completed as no decision is being made.

7 RECOMMENDATION

- 7.1 It is proposed that the Committee **RESOLVES**
- (1) That the update on delivering the 2020/21 Audit Plan be noted.
 - (2) That the conclusions and results from completed audit engagements in Appendices 2 and 3 be noted.
 - (3) That the updated status of audit recommendations in Appendix 4 be noted.



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Background Papers: -

None.

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APPENDIX A**1 DELIVERY OF THE ANNUAL AUDIT PLAN**

- 1.1 A table detailing the audit engagements completed to date is provided for at **Appendix 1**.
- 1.2 A total of 4 audit engagements from the 2020/21 Annual Audit Plan have been completed; three engagements were rated as ‘Good’ and one as “Limited”. These assessments include light touch engagements where specific elements of operations are reviewed and do not reflect the operation as a whole.
- 1.3 The opinion given and main points arising from the completed audit engagements is summarised at **Appendix 2** or in respect of light touch reviews at **Appendix 3**. An explanation of the meaning of and reason for each assessment (opinion) is provided in **Appendix 5**. This appendix should be read in conjunction with **Appendix 6** setting out the recommendation categories.

2 COUNTER FRAUD ACTIVITY

- 2.1 The Revenues & Benefits service has been heavily involved, in 2020/21, in processing business grants and dealing with an increased LCTS workload as a result of the Covid-19 response. Accordingly, no fraud or error related data has been requested for this report. An update will be provided at the time of the next Audit Progress Report

3 MONITORING OF INTERNAL AUDIT RECOMMENDATIONS

- 3.1 Recommendations arising from completed audit engagements are shown in **Appendix 4**.

This includes the current status of all recommendations that were live as at the date of the prior Audit Committee in March 2020 and all recommendations raised since that date. 16 recommendations were brought forward from 2019/20. There are 14 live recommendations of which 4 have had revised dates since the last Audit Committee meeting for various reasons. Please note that Covid restrictions have been in place since the last Audit Committee date which has impacted implantation in some cases.

- 3.2 A total of 11 new recommendations have been raised since the last Audit Committee.

COMPLETED AUDIT ENGAGEMENTS SUMMARY - APPENDIX 1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Parameter Input, Billing and User Permissions for Academy Report 1 2020/21	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	Good	28/7/2020	-	-	-	-
Safeguarding Report 2 2020/21	There is a failure of safeguarding arrangements	Good	28/7/2020	-	-	-	-
User Permissions for Dimensions Report 3 2020/21	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	Good	28/7/2020	-	-	-	-
Procurement – Raising Orders Report 4 2020/21	Failure to provide consistent value for money (VFM) across all services or obtain VFM in its procurement	Limited	28/7/2020	-	-	-	-

APPENDIX 2

COMPLETED AUDIT ENGAGEMENTS

Safeguarding
Report 2- 2020-21

Audit objective

To provide an overview of the effectiveness of the Council’s safeguarding arrangements.

Corporate links

This audit contributes to the assurance available in regard to the following Business Plan objectives and risks identified on the corporate risk register:

Business Plan objective Early Intervention

Corporate risk There is a failure of safeguarding arrangements

Reason for inclusion in the annual audit plan

This audit is a planned, standard assurance review identified through the annual assessment of all Council’s activities.

Audit opinion

Our opinion is expressed on the scale of assurance as set out below:



Good	Adequate	Limited	None
✓			

We have formed our audit opinion based on how well controls have been designed and effectively operated to mitigate the following risks:

Risk area	Assurance Level	No. of Recommendations
Unsuitable candidates are employed for a relevant role.	Good	None
Staff are not adequately trained to identify and report relevant safeguarding concerns in respect of vulnerable persons.	Good	None
Policies and procedures are not up to date leading to misinterpretation of legislation and failure in safeguarding duties.	Adequate	None
Contractors, partners and other organisations or individuals working with or	Good	None

Risk area	Assurance Level	No. of Recommendations
on behalf of the Council do not have appropriate safeguarding policies, procedures or working practices in place which could have reputational impact on the Council in the event of avoidable events occurring.		
Safeguarding self-assessments are not compliant with Essex Safeguarding Boards Audits	Adequate	None
Data is not effectively controlled	Good	None
Risk Assessments are not in place, not relevant or are not up to date	Adequate	None

Executive Summary

The Council has a duty to ensure safeguarding measures are in place as per the Children’s Act and the Care Act. These duties link to the Southend, Essex and Thurrock Children and Vulnerable Adult Safeguarding Boards’ requirements.

A significant amount of work has been done to progress and implement actions from the Essex Safeguarding Children’s Board (ESCB) Audit and Self-Assessment in 2017/18, much of which has been evidenced within this audit review as detailed below, to ensure an accurate reflection of the Councils safeguarding arrangements.

The Essex Safeguarding Adults Board (ESAB) monitor performance via cohort staff surveys of which 36% of Rochford District Council (RDC) officers participated. All recommendations as a result of the ESAB analysis that are relevant to RDC have been actioned or are progressing.

The Councils Safeguarding Policy, which is supported by a range of other corporate policies including Value Based Recruitment, is up to date and appears to be operating effectively. A small number of supporting policies are overdue for a review and this has been raised with the responsible officer to action. However, they are generally fit for purpose.

Comprehensive guidance and procedures are easily accessible to enable staff to identify and report safeguarding concerns. The majority of these are up to date with reviews progressing for a small number of guidance documents. Updated information has been published on the Council’s website and internally to maintain awareness of safeguarding procedures during the COVID-19 pandemic.

The Council has a number of officers in place at different levels to provide support and awareness and to respond to safeguarding concerns. These include:

- The Safeguarding Lead Officer (Assistant Director for People & Communities)
- The Safeguarding Support Officer (SSO)
- 11 Safeguarding Link Officers from various service areas.

The SSO regularly attends team meetings across the Council. 33 safeguarding concerns have been reported during 2019/20 and recorded on an Incident Log. All referrals appear to have been dealt with appropriately.

Different levels of safeguarding training are available to staff. Level 1 is in the form of mandatory e-learning, to ensure a basic awareness. Level 2 is more detailed training offered by an external source and undertaken by officers who are more likely to raise safeguarding concerns, such as the Housing Options Team. All suitable officers appear to have completed this training and refresher training is planned for early 2021. Mandatory workshops are planned to replace the e-learning. This work has been delayed due to the COVID-19 pandemic however plans are in place to trial virtual workshops.

Certain roles within the Council require a standard or enhanced Disclosure and Barring Service (DBS) check. The published job description will detail whether a DBS check is required for the post. A log of all posts requiring DBS checks is maintained and continually reviewed for the purposes of renewals by Human Resources. A review of the log by Internal Audit concluded that DBS checks have been carried out in all job roles where required. A separate system is held by the Licensing team for Hackney Carriage and Private Hire Drivers, all of whom receive enhanced checks. The system flags when a check is due for renewal.

Contractors and organisations who work with or on behalf of the Council appear to have appropriate safeguarding practices in place either in the form of their own Policy or by adopting the Councils Policy.

The safeguarding risk register is overdue for a review; however, it contains relevant risks and the stated controls appear to be in place and applied effectively.

APPENDIX 3**COMPLETED LIGHT TOUCH AUDIT ENGAGEMENTS****Parameter Input, Billing and User Permissions for Academy
Report 1 – 2020/21****Assessed - Good**

As part of the Audit plan for 2020/21, a review of the Academy Revenue and Benefits system was undertaken to ensure that parameters for the financial year for Council Tax, Business Rates and Housing Benefit had been input correctly.

Parameter updates for Council Tax and Business Rates were managed by Capita, the system software providers. These were signed off as accurate by officers within Revenues & Benefits. Testing for the audit has confirmed that the process appears accurate.

Housing Benefit updates are managed internally and a new proforma has been produced to evidence the update. This pro-forma appears effective and updates appear accurate to documentation produced by the Dept for Work & Pensions and Her Majesty's Revenues & Customs.

The parameter input process had been carried out in February 2020 and the review has shown the input to be accurate. However late in March revised figures for Local Housing Allowance (LHA) payments had been received, together with revisions to earnings disregards. These could not be immediately processed as liaison was required with the software provider to enable these changes, which were not uploaded until May 1st.

Testing subsequently has confirmed that these revised parameters have been input correctly. The start date of the revised LHA parameters was 1st April and income disregards 6/4/20. This would mean that all LHA payments made during April were underpaid. This will be adjusted and brought up to date so benefit claimants will not be disadvantaged.

A sample of Academy users, across the Council was tested to ensure that the level of permissions for each user were appropriate to the job role. There were no matters arising.

User Permissions for Dimensions
Report 3- 2020/21**Assessed- Good**

As part of the 2020/21 Audit Plan, a review of the Finance System Dimensions was undertaken to ensure that users had the correct permissions according to their job role.

Dimensions operates a profiling system in which users are allocated to a group with permissions appropriate to that user's job role. All users and profiles were reviewed by Internal Audit and testing found that user group permissions appear appropriate for all assigned officers. Four officers who have 'user' accounts have left the Council. User accounts are not accessible and are set up as standard when an officer is given access to the Procurement system FocalPoint, as the two systems are linked. However, these accounts should still be disabled. Internal Audit have raised this with the relevant officer to action.

There were no further matters arising.

Procurement – Raising Orders
Report 4 – 2020/21**Assessed - Limited**

This audit review assessed whether the requirements of Financial Regulations and Contract Procedure Rules (CPR) are complied with when procuring goods and services. Audits prior to 2019/20 found the following deficiencies:

- Failure to obtain and/or evidence quotes in line with CPR to confirm the Council is achieving value for money
- Service Areas not monitoring aggregated spend for specific suppliers to determine whether there should be a formal contract in place, rather than ad hoc orders
- Orders being raised after an invoice has been received, meaning that committed spend is not recognised in budget monitoring until the order is actually raised, effectively at point of payment.

A number of recommendations were raised that have resulted in recognition that there should be a complete review of the CPR alongside Financial Regulation and Constitution Reviews, with the expectation to update the CPR by the end of 2020/21 financial year.

Other recommendations were made and implemented with detailed training and guidance notes organised by the Procurement Team for all staff likely to be involved in raising orders and procuring contracts. Detailed procedures are available on the Intranet.

This light touch audit review examined a range of purchase orders made between April 2019 and May 2020.

Similar deficiencies were identified in a sample of 20 orders under the contract threshold of £10,000.

- There was no evidence attached to the FocalPoint orders to confirm value for money in 65% of the sample
- In 40% of the orders where more than one quote was required in line with CPR there was only evidence of one
- 30% of the related invoices were received before the FocalPoint order was raised.

In a small number of these cases, reliance was placed on the purchases being for specialised or emergency works, with reliance placed upon previously used suppliers without seeking alternative quotes. Whilst this reason may have a degree of validity, these exemptions are not within the current scope of CPR, and guidance should have been obtained from the Procurement Team.

These deficiencies have occurred both at the level of the officers raising the orders and also at authorisation where a check of completeness should be carried out. These responsibilities rest with the individual service areas raising the orders.

Purchases that are required to follow the competitive tendered process appear to do so in line with current CPR. There were no matters arising when testing this area.

No further recommendations are being made at this time as they would only be repeating what has been done in the past and would be directing officers to comply with CPR. These findings have been flagged with the Leadership Team; all relevant officers will be reminded of their responsibilities. A follow-up review will be carried out later in this financial year to monitor for improvement.

The planned review of the CPR may assist in redefining the level of control required in the procurement function, but until that is in place the current regulations should be adhered to.

PROGRESS OF AUDIT RECOMMENDATIONS

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
11 2017/18	Cash & Banking	3	M	A detailed format / procedure will be developed to ensure effective bank account reconciliation is in place by year end.	<p>Agreed Implementation date 30/4/18. Procedures may change with removal of kiosks and agreed mark forward for review at that time. Revised end date 30/6/18</p> <p>Difficulties are still occurring relating to timings of transactions. A full review of requirements and procedures will be undertaken. Revised end date 31/10/18. Partially completed. Further work is being undertaken alongside system changes. Revised end date 31/3/19. Work still ongoing. Revised end date 30/08/19.</p> <p>Progress has been made but priority has been given to the completion of the Accounts. To be in place for year-end 2019/20.</p> <p>Revised end date 31/3/20</p> <p>Implemented</p> <p style="text-align: right;">DELETE</p>
17 2017/18	Procurement	3a	M	Contract Procedure Rules and Procurement Guidance will be updated (a)	<p>Agreed Implementation Date 31/3/19 CPR review ongoing. Revised end date 31/12/19. Work in progress with many elements progressed but unable to complete, partially in respect of EU arrangements. Revised end date 31/03/20</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					Revised end date to bring in line with Constitution review and Financial Regulations review. 31/3/21
2 2018/19	Street Cleaning Contract	1	M	For consistency and future planning, the work of the Street Scene Officers involved in monitoring the contract will be documented in a set of operational procedures.	<p>Agreed Implementation date 1/4/19 Outcomes are being negotiated with Contractor. Revised end date 30/06/19. Monitoring sheets are being implemented. Written procedures still to be developed. Revised implementation 31/10/19. Procedures still to be developed. Revised end date 31/12/19.</p> <p>Current Position Internal Audit have been advised, by Assistant Direct – Place & Environment, that due to resource issues it has not been possible to dedicate time to complete this recommendation. It is acknowledged that such operating procedures are required, and this recommendation will be kept open, subject to ongoing review. This, in longer term, this will be addressed within the structure of any new contract.</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
6 2018/19	Insurance Arrangements	1	M	<p>A project team will be established to consider an approach to produce, ideally, to produce a single asset register and to work on a solution.</p> <p>Matter raised during the audit will be reviewed and reflected in the 2018/19 balance sheet</p>	<p>Original End Date 31/12/19</p> <p>An internal project team has met to work on a solution and has obtained a master list of assets from the Land Registry which is currently being worked through. Some additional resource may be required to fully complete the detailed reconciliations. A project plan will be drawn up and reported in line with PMO processes, with the intention that a solution is fully implemented by end of 2020.</p> <p>Revised end date 31/12/2020</p>
11 2018/19	Budget Setting and Monitoring	2	M	<p>RDC Financial Regulations will be reviewed to include appropriate controls of transfers to and from Reserves as stated in the Medium-Term Financial Strategy. To be considered as part of overall review of Financial Regs during 2019/20.</p>	<p>Agreed implementation date 31/03/20</p> <p>Financial regulations to be reviewed as part of overall constitution.</p> <p>Revised end date 31/03/21.</p>
14 2018/19	Contracts Procurement and Purchasing	2	M	<p>Finance resilience checks will form part of the competitive process for fully tendered purchases for high value, high risk contracts, in order for the Council to be aware of the financial health of a supplier before entering into business with them. Contract Procedure Rules will be amended to include this detail.</p>	<p>Agreed implementation date 31/12/19</p> <p>Revised end date to bring in line with other CPR recommendations 31/3/20</p> <p>Revised end date to bring in line with Constitution review and Financial Regulations review. 31/3/21</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
14 2018/19	Contracts Procurement and Purchasing	3	L	CPR will be amended to include safeguarding requirements and whether copies of contractor’s policy statements should be included in all appropriate contracts.	Agreed implementation date 31/12/19. Unable to progress CPR until EU arrangements are known. Revised end date 31/03/20 Revised end date to bring in line with Constitution review and Financial Regulations review. 31/3/21
15 2019/20	Environmental Health	1	L	Air Quality pages on the Council website should be reviewed and updated where required, including the Air Quality Management Area (AQMA) and Air Quality Reporting Cycle Pages.	Agreed implementation date 30/06/20. Service has been heavily involved in Covid enforcement as a priority. Revised date 31/8/20
15 2019/20	Environmental Health	2	L	Standard Operating Procedures 12 (Food Complaints Policy and Procedures) should be updated to reflect actual practice.	Agreed implementation date 30/06/20 Implemented DELETE
15 2019/20	Environmental Health	3	L	Council systems should be updated to reflect complaint progress and resolution as soon as it is practical to do so.	Agreed implementation date Immediate Implemented DELETE
15 2019/20	Environmental Health	4	M	The identification of capacity / resilience / non-performance of critical tasks as a specific risk should be included within the Environmental Health Service Area Risk Register to focus management attention and enable effective monitoring.	Agreed implementation date 31/07/20

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
16 2019/20	Health & Safety	1	L	The Fire Safety Policy and Emergency Evacuation Procedures will be updated to include the emergency evacuation procedures for the Hockley Woods office	Agreed End Date 30/4/20 CV-19 restrictions have caused delays. Revised end date 30/06/20 Implemented DELETE
16 2019/20	Health & Safety	2	M	Annual screening records for Hand Arm Vibration Syndrome will be held in a form that is readily retrievable should it be required	Agreed End Date 31/5/20 Implemented DELETE
16 2019/20	Health & Safety	3	M	The Council's Policy towards fire marshals and the duties and responsibilities of those marshals will be reviewed, taking into consideration staff changes, office moves, and the work and inspections carried out by the fire and emergency contractors and the Asset Management Team. If the review does not lead to changes, the actual reporting process will be reviewed to ensure that matters that require urgent attention are e-mailed direct to the Asset Management Team.	Agreed End Date 31/5/20 Implemented DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
16 2019/20	Health & Safety	4	M	<p>Effective health & safety training is a corporate issue and realistically should be addressed accordingly. The findings in respect of training will be taken to the Leadership Team to develop an approach, ideally within a staff development programme and will ensure that.</p> <p>A) All officers who require IOSH training will complete it.</p> <p>B) Training will be undertaken by all relevant staff at a level appropriate to their role, including refresher training.</p>	<p>Agreed End Date 30/4/20 Implemented</p> <p style="text-align: right;">DELETE</p>
17 2019/20	Grounds Maintenance Contract	1	M	<p>Steps will be taken to ensure that the annual inflation uplift for the Grounds Maintenance Contract will be carried out in line with the contract terms for 2020/21 and future year</p>	<p>Agreed End Date 30/6/20 Implemented</p> <p style="text-align: right;">DELETE</p>
17 2019/20	Grounds Maintenance Contract	2	M	<p>The Supervising Officer will seek to obtain a clause to enable assignment of leasehold agreements to the Council, in the event of the contractor ceasing trading, in line with the wording in the Grounds Maintenance Contract.</p>	<p>Agreed End Date 31/8/20</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
21 2019/20	Asset Management	1	M	Steps will be taken to prioritise the testing of the fire alarms at all operation locations to aim for weekly checking.	Agreed end date 31/3/20 Implemented DELETE
21 2019/20	Asset Management	2	M	A list of chemicals used, and their locations will be held by the asset team to be made available in case of need by the emergency services	Agreed end date 1/6/20. Dates were agreed just at start of Covid lockdown. Agreed revised end date 31/8/20
21 2019/20	Asset Management	3	M	The position relating to responsibility for the depot used by the grounds' maintenance contractor will be clarified. If the Council is responsible, then all of the necessary surveys and checks and be included in the workplace inspection programme and contracts going forward.	Agreed end date 1/6/20. Dates were agreed just at start of Covid lockdown. Agreed revised end date 31/8/20
21 2019/20	Asset Management	4	M	The guidance of the Health & Safety Officer will be sought to determine an effective policy to review fire risk assessments and asbestos inspections going forward	Agreed end date 1/7/20. Dates were agreed just at start of Covid lockdown. Agreed revised end date 31/8/20

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
21 2019/20	Asset Management	5	L	A detailed review of the Asset Management Service Risk Register will be undertaken to reflect operational circumstances of the Team	Agreed end date 31/7/20
24 2019/20	ICT Security	1	L	The old version of the ICT Strategy on the Council's website will be removed	Agreed end date 12/5/20 Implemented DELETE
24 2019/20	ICT Security	2	S	The Council will commission a penetration test of the ICT environment as soon as practicable after completion of the migration of all operational systems to a cloud or managed service to determine its integrity	Agreed end date 23/5/20 <i>(To discuss position with ICT Contractor re commissioning Pen Test). This element has been completed and a test will be carried out.</i> This test will be done after completion of the infrastructure work, delayed by the Covid lockdown. At time of writing a date and methodology was in the process of being agreed for this work to comply with social distancing requirements. Accordingly, a review date to 30/9/20 has been agreed to monitor developments.

BASIS FOR AUDIT OPINION		
Assurance level	Internal Audit’s opinion is based on <u>one or more</u> of the following conclusions applying: -	Basis for choosing assurance level
Good	<ul style="list-style-type: none"> The activity’s key controls are comprehensive, well designed and applied consistently and effectively manage the significant risks. Management can demonstrate they understand their significant risks and they are proactively managed to an acceptable level. Past performance information shows required outcomes are clearly defined and consistently met. 	<p>Recommendations are ‘low’ rating. Any ‘moderate’ recommendations will need to be mitigated by consistently strong controls in other areas of the activity.</p>
Adequate	<ul style="list-style-type: none"> Most of the activity’s key controls are in place, well designed and applied consistently and effectively manage the significant risks. Management can demonstrate they understand their significant risks and they are generally and proactively managed to an acceptable level. Past performance information shows required outcomes are clearly defined and generally met. 	<p>Recommendations are ‘moderate’ or “Low” rating. Any ‘significant’ rated recommendations will need to be mitigated by consistently strong controls in other areas of the activity. A ‘critical’ rated recommendation will prevent this level of assurance.</p>
Limited	<ul style="list-style-type: none"> The activity’s key controls are absent or not well designed or inconsistently applied meaning significant risks. Management cannot demonstrate they understand and manage their significant risks to acceptable levels. Past performance information shows required outcomes are not clearly defined and or consistently not met. 	<p>Recommendations are ‘significant’ or a large number of ‘moderate’ recommendations. Any ‘critical’ recommendations need to be mitigated by consistently strong controls in other areas of the activity.</p>
None	<ul style="list-style-type: none"> The activity’s key controls are absent or not well designed or inconsistently applied in all key areas. Management cannot demonstrate they have identified or manage their significant risks Required outcomes are not clearly defined and or consistently not met. 	<p>Recommendations are ‘critical’ without any mitigating strong controls in other areas of the activity.</p>

RECOMMENDATION CATEGORIES		
C	CRITICAL	The identified control weakness could lead to a critical impact on the activity's ability to manage the risks to achieving its key objectives. The control weakness means the associated risk highly likely to occur or have occurred. There are no compensating controls to possibly mitigate the level of risk.
S	SIGNIFICANT	The identified control weakness could have a significant impact on the activity's ability to manage the risks to achieve its key objectives. The control weakness means the associated risk is likely to occur or have occurred. There are few effective compensating controls . Where there are compensating controls, these are more likely to be detective (after the event) controls which may be insufficient to manage the impact. The difference between 'critical' and 'significant' is a lower impact and or lower probability of occurrence and or that there are some compensating controls in place.
M	MODERATE	The identified control weakness could have a moderate impact on the activity's ability to manage the risk to achieving its key objectives. The control weakness does not undermine the activity's overall ability to manage the associated risk (as there may be compensating controls) but could reduce the quality or effectiveness of some processes and or outcomes.
L	LOW	The identified control weakness is not significant , and recommendations are made in general to improve current arrangements. Note – these recommendations will not be followed up.