

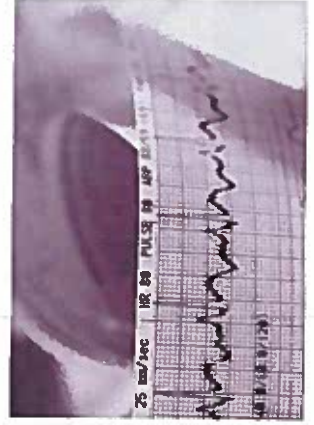


Tamworth Borough Council and Lichfield District Council

Internal Audit Managed Service

External Quality Assessment

March 2017



Purpose of assignment

The Internal Audit services for the Local Authorities of Tamworth Borough Council and Lichfield District Councils are provided by a managed service arrangement which under the leadership of Angela Struthers as Head of Internal Auditor (HoIA), and referred to as Audit Manager at Lichfield DC. The team have responded to the introduction of the Public Sector Internal Audit Standards and have increasingly worked to a common methodology for delivery of internal audit services since becoming a managed service. Performance against the standard has been self-assessed on an annual basis and appropriate reports provided to member authority committee meetings.

The purpose of this review is to provide an external and independent quality review in accordance with standard 1312. We see this as not merely a compliance exercise and have also highlighted aspects of the service that we regard as best practice as well as summarised our thoughts as to where further development can be made to enhance the value of the service being provided.

The teams have significant experience, with a range of relevant qualifications and it has been recognised that there is a need to ensure a consistent approach to delivering assurance, as this is beneficial regarding communication with clients, working practices, reporting and therefore associated supervision and training needs. At a corporate level, this is established through the presence of an Internal Audit Charter, which effectively defines the standards to which the managed service will carry out its work and is supported by a framework of standard templates and accepted processes to which the internal audit team work consistently. This is delivered through the use of Covellant, recognised software used by internal audit services on a global basis.

The report reflects our opinion regarding the services currently provided as measured against the Public Sector Internal Audit Standards (PSIAS), which we trust will be of benefit to individual staff, the team and the local authorities serviced by the Internal Audit Managed Service. Our observations and recommendations have been summarised within categories relating to the Resources, Competency, and Delivery and the team graded as being at one of three stages within each category, grades are related to our opinion as to whether the service is developing, established or excelling.

The outcome has been benchmarked against other provision in both the sector and the wider industry which shows that the team compares favourably with regard to its peers.

Executive summary

The internal audit service has responded to the introduction of the managed service arrangement, in which the two teams are moving towards a common approach that is consistent with the PSIAS.

The significant change within the PSIAS reflects the focus on a requirement to implement a risk based internal audit approach to all aspects of internal audit work – significantly in relation to planning at a strategic and assignment level as well as in reporting. The managed service does adopt a risk based approach through the development of its own risk assessment at a strategic planning level, at an assignment level through recognition of risk register content and in testing schedules, although further development would be beneficial both in terms of recognising inherent risk and in terms of reflecting wider sector risk experience of the internal audit team within audit planning documents and terms of reference.

Both of the Authorities with which the managed service is involved have developing risk management strategies and associated frameworks; as a consequence, it would be beneficial for internal audit to increasingly align its processes with those of the host Authority as this would promote effective communication, structure audit work on 'what really matters' and use risk as the basis for reporting. In this respect, we have recommended that future opinions and recommendations relate directly to established risk definitions within each Authority.

Increasing transparency within the Council systems regarding the inherent risks being faced and upon those assurances available would allow internal audit to clearly define risks and key mitigating controls and therefore provide a robust basis for communication with managers and with other assurance providers, although different perceptions of risk appetite exist within the Councils involved.

The internal audit managed service has benefitted from a period of stability during which staff have remained consistent, although two members of staff are currently on maternity leave and cover is shortly to be considered. The HoIA makes use of external support when appropriate to ensure delivery of internal audit assurance needs, particularly in relation to IT audit. A robust internal audit standard has therefore been maintained and delivered using an experienced team. This has allowed the service to demonstrate compliance with the PSIAS.

Nevertheless with increasing pressures on Council budgets, significant change to service delivery and as a result increasing risk; there is a need for the service to continue to enhance its delivery through greater awareness of the relevance of risk to both the Councils and its own approach, in order to ensure that it focuses on the most appropriate areas and as a result demonstrates that it provides a service that effectively contributes towards the achievement of each Council's objectives.

Compliance with PSIAS

- **Resources**
Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.
- **Competency**
Charter, Internal Audit Manual, Planning and Allocation of staffing, Recruitment (Numbers and skills), Training (Professional and Technical), Appraisal and Development
- **Delivery**
Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

Grading of recommendations

- The grading of recommendations is intended to reflect the relative importance to the relevant standard within the Public Sector Internal Audit Standards (PSIAS).

Recommendation grading	Explanation
Enhance	The internal audit managed service must enhance its practice in order to demonstrate transparent alignment with the relevant PSIAS in order to demonstrate a contribution to the achievement of the organisations objectives in relation to risk management, governance and control.
Review	The internal audit division should review its approach in this area to better reflect the application of the PSIAS.
Consider	The internal audit division should consider whether revision of its approach merits attention in order to improve the efficiency and effectiveness of the delivery of services

- In grading our recommendations, we have considered the wider environment within the Council in terms of both the degree of transformation that is currently taking place as well as our assessment of the level of risk maturity that currently exists as these will have a consequence for the conduct of internal audit planning as well as subsequent communication.



Summary of good practice identified within EQA




Standard	Good practice identified	Observation
1000	An Internal Audit Charter has been established and agreed with each Authority	The Charter is comprehensive and establishes an appropriate framework against which internal audit services can be delivered.
1312	The IASS has conducted annual self assessment exercises resulting in an annual development plan which is agreed by the host authorities.	Demonstrates a process and commitment to continuous improvement which is considered by Audit Committee
2020	Active engagement at officer and member level	Represents the establishment of a good understanding of key issues through interaction with positive feedback from officers.
2030	The IASS routinely assesses its training needs and discusses requirements with the S151 Officer.	This represents a firm basis for the consideration of training and recruitment needs as well as the use of external support
2040	A detailed internal audit manual is in place and is appropriately supported by recognised software	Provides for a consistent methodology, within the IASS this is delivered through a series of templates
2060	Reports are produced using a standard template which is consistently applied. Customer feedback is routinely obtained following conduct of an audit.	Demonstration of a consistent approach for communication which is well received by management and the Audit Committee
2300	Audits are performed using an approach which is consistently applied	This supports a view that the internal audit team understand the standard processes, receive supervision and are effectively trained.
2400	Reports are clear and express opinions in a manner that is understood by stakeholders. Reports containing more significant recommendations are presented to operational management meetings where felt appropriate	Reports are produced on a timely basis, with summaries being produced for Audit Committee attention





Resources

Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.



	Issue identified	Recommended action
1	No observations	

	Issue identified	Recommended action
1	<p>Internal Audit Planning</p> <p>Whilst internal audit planning is being increasingly based upon a risk model as required by the PSIAS, the process largely depends at present on an assessment devised by internal audit, rather than reflecting wider risk issues identified by each Council.</p> <p>The analysis uses different definitions of risk impact to those approved within each Council's risk management strategy.</p> <p>There should be a direct and identified link between the internal audit plan content discussed with Management and the Audit Committees and the risk based reasoning for inclusion of the assignment in the audit plan as the plan finally approved should focus on the perceived needs of all parties for independent assurance regarding key policies, procedures, controls and assurances upon which the Council relies.</p> <p>In turn this should drive the preparation of the terms of reference for each assignment.</p> <p>The focus for assignments can therefore be shown to directly relate to the value of the 'control risk' and as a result an opinion based upon the robustness of the controls and assurances available to management and the Council.</p> <p>Tamworth BC and Lichfield DC both use an annual 'Managers Assurance Statement' process to support the Governance Statement.</p>	<p>a. Audit Plans should be constructed through using an audit needs assessment process which achieves the objectives of the service as set out in the Internal Audit Charter. The audit planning process should be designed to reflect the assurance needs of each Council through transparent alignment with the Council wide approach to risk management. </p> <p>b. The internal audit planning process should further identify and document other sources of assurance that are available and upon which Councils can place reliance, which may be available if formally recorded within the annual Governance process. </p> <p>c. The starting point for the development of the Terms of Reference is a preliminary discussion with management regarding the inherent and residual risks relevant to the audit area under review. This process could be more robust. It may aid assignment planning, if the management objectives for the area under review were also identified.</p> <p>This should result in the formation of a direct link with the Authority's risk register and the key mitigating controls highlighted, thereby aiding the understanding and ability of members of the Audit Committee to contribute to the assurance agenda. </p>


	Issue identified	Recommended action
2	<p>Approval of internal audit plans Current arrangements provide for the Audit Committee to 'receive, but not direct' the internal audit plan; this importantly retains the independence of internal audit.</p>	<p>The HoIA should continue to observe priorities that are discussed at Audit Committee and reflect on the degree to which attention should be given to these within the developing risk based planning process.</p>
3	<p>Audit Manual The internal audit manual represents a comprehensive record of the practices to be followed by internal audit staff and aligns with the PSIAS. Instruction regarding the use of Covalent also exists in a form which reflects a user guide. The significant emphasis of the PSIAS reflects the use of a risk based approach to internal audit work and in this respect it is felt that greater alignment with the risk management policies and appetite of the client local authorities would be beneficial.</p>	<p>a. The internal audit manual should be updated to reflect greater alignment with the risk management policies of the client authorities particularly in relation to the various aspects relating to planning and reporting (grading of recommendations and opinions) that have been identified within the EQA.</p>
4	<p>Performance and Development Review (PDR) The annual performance review of the Head of Internal Audit Services is to be undertaken by the line manager as S151 Officer at Tamworth Borough Council in accordance with the approved policy.</p>	<p>The PDR process should be informed by inviting the S151 Officer at Lichfield District Council and the Chairs of the two Audit Committees to provide input to the process.</p>

	Issue identified	Recommended action
1.	<p>Assignment Planning The service currently initiates each audit through engagement with management which provides for creation of Terms of Reference; this is then shared with management as an agreed basis for the audit.</p> <p>At present red priority recommendations are determined and laid in down in the pre meet document , albeit these are not necessarily aligned directly to the Councils risk management system.</p> <p>The assignment is then structured around a framework of expected controls and which is loosely related to risks which have been considered with management.</p>	<p>Internal audit working papers should focus on major risks to the Council that have been identified and discussed with the auditee; this should include an assessment of the inherent risks in each area (regardless of whether these are specifically recorded with the risk management system).</p> <p>Terms of Reference should be constructed based upon the principal risks identified and not expected controls. This will allow the audit to naturally reflect assurance regarding the risks identified within the 'Control Matrix'.</p> <p>The service should also seek to identify and record the other assurances available at an early stage in each assignment as this will aid staff when formulating an overall opinion.</p> <p>An example template is provided at Appendix A. </p>
2	<p>Focus on pre-identified controls Assignments are currently undertaken by reference to controls; there is a tendency for these to reflect KLOE based controls or those from previous audit work rather than be generated to reflect the materiality of the current risk involved. The service has more recently commenced consideration of wider risk aspects relating to the area subject to review.</p>	<p>The use of risk as a basis for the control matrix will allow auditors to focus on the key controls and assurances which reflect the most material control risk to the area under review.</p> <p>The service should continue to develop pre-audit communication with management to focus on significant risk and key controls. </p>

	Issue identified	Recommended action
3.	<p>Control Matrix templates Assignments commence with meetings with officers at which information is gathered relating to how the system works.</p> <p>The control matrix then contains a record of the information including actual controls. The manner and detail in which these notes are made varies considerably from 'brief to 'comprehensive'.</p> <p>Recording sufficient evidence is an important aspect of internal audit work however extremes are to be avoided if both professional standards and expectations regarding efficiency/effectiveness are to be realised.</p>	<p>Recording the system in note form and the essential detail of interviews is regarded as good practice.</p> <p>The managed service should discuss what is expected in terms of best local practice and provide appropriate instruction to staff regarding required practices.</p>
4	<p>Supervision Demonstration of effective supervision is necessary in order to both ensure the quality of the review and provide appropriate instruction to staff regarding the delivery of the internal audit methodology.</p> <p>Whilst it is recognised that the staff can consult each other regarding progress on work a common, formal and consistent process should exist in order to demonstrate supervision as each audit progresses.</p>	<p>The managed services should utilise the functionality of the Covalent software to provide a documented trail of supervision throughout the audit and cross reference to discussions and correspondence by email; in addition to the formal record that currently exists when approving the draft report.</p>
5	<p>Closing meetings At present the draft audit report is used as a basis for an exit meeting with management.</p>	<p>The HoIA should consider whether in using production of the draft report as the basis for the exit meeting, Auditors should scan in any notes taken as part of the exit meeting in order to support and evidence production and finalisation of the report.</p>

	Issue identified	Recommended action
6	<p>Audit Opinions - Recommendations</p> <p>These are currently developed and assessed by each internal auditor, prior to release of the draft report and which include a grading of the recommendations being made. Different grading structures are used by internal audit at the two Councils.</p> <p>The basis for grading of recommendations should influence the overall opinion for each audit directly, for example if a risk falling into a definition of the highest impact category is identified (potential for death, loss greater than £500k) then the assurance level given is reduced. Any risk of this nature should automatically trigger a negative audit opinion of 'limited assurance'.</p> <p>Aligning the grading of internal audit recommendations with the impact/likelihood gradings within the Councils risk management system provides a consistent understanding of the relative importance of findings within both the internal audit team and those being audited.</p> <p>At present the service prefers to retain a basis which provides flexibility for the CIA to determine the grading of the recommendations being made and the overall opinions. This does however lead to inconsistencies with regard to grading of recommendations and overall assurance opinions.</p>	<p>a) Risk definitions used by internal audit should be developed to reflect the risk appetite within each organisation, and the definitions of impact and likelihood used by the Council. Explanation of the use of these gradings should be included in all reports.</p> <p>It is recognised best practice to use terminology such as High, Medium and Low or Fundamental, Significant and Merits Attention and perhaps support this with RAG rated colours linked to the Council's risk management system.</p> <p>These should be used by each internal auditor to grade the recommendation and discuss the level of risk to which the organisation is exposed with each auditee at the exit meeting. </p> <p>b) Consideration should be given to removing the need to include 'low' rated recommendations in formal audit reports at Lichfield DC; alternatively reflecting on these in discussion at the closure meeting and confirmed in a side letter or email to the manager. This would aid the profile of internal audit through concentrating on things that really matter in relation to significant risk as defined within risk management policies. </p>

	Issue identified	Recommended action
7	<p>Audit Opinions - Overall opinions</p> <p>These are currently based upon the personal judgement of each auditor, within the definitions specified as relating and subject to review by the supervisor and CIA of the draft report prior to release.</p> <p>The overall opinion is based on the aggregate of the opinions on the control objectives and not the level of risk identified.</p> <p>Wider best practice provides for three levels of opinion being substantial, adequate (reasonable) or limited as this provides a clear indication to stakeholders of the level of assurance that can be gained. This opinion can then be aligned directly with the nature of the risks being identified and the grading of those recommendations being made.</p>	<p>a) The grading of reports should be based upon the level of risk exposure identified within the review and reflect the highest ranked recommendation being reported upon.</p> <p>Best practice would reflect:</p> <ul style="list-style-type: none"> - Where a fundamental risk (red) is identified that limited assurance is given. - Where significant risks (amber) are identified then adequate assurance is given, and - Where 'merits attention' (green) risks are identified these are not referred to in the report and substantial assurance is given. <p>Provide example as Appendix C.</p> <p>b) Reducing the levels of opinion to three at both Councils would provide a clearer indication of the assurance being provided and represent a more straight-forward and consistent approach for internal audit staff to administer.</p>

	Issue identified	Recommended action
9	<p>Annual Report The CIA produces an Annual Internal Audit report which summarises the years work and includes analysis of performance. The opinion should reflect a format that takes account of all information and sources of assurance available to the AM and therefore: <i>'must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board'.</i></p> <p>The report for Lichfield District Council in 2015/16 recorded: <i>"Based on the findings of our work undertaken during the year, our overall opinion on the soundness of the governance, risk management and control arrangements is that it was adequately controlled. The overall opinion for each review conducted is given in Appendices C and D, attached to this report; areas for improvement were identified in a number of reviews and action plans agreed.</i></p> <p>At Tamworth Borough Council the opinion was expressed as: <i>"Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion on the control environment for this quarter is the "reasonable" assurance can be given."</i></p> <p>Whilst this reflects a better position it could be beneficially structured to meet the requirements of the PSIAS.</p>	<p>In alignment with recommendations made earlier, the internal audit plan should be constructed to provide an explicit link to risk and the other assurances available so that the AM is able to provide wider assurance to each Authority in support of the governance statement.</p> <p>Best practice is that the Annual Report should also contain reference to all significant risks and therefore co-ordination with and an understanding of issues being raised by the range of assurance sources available is essential in order to meet this broader scope.</p> <p>An example of the words which may be used has been provided in Appendix B.</p> 

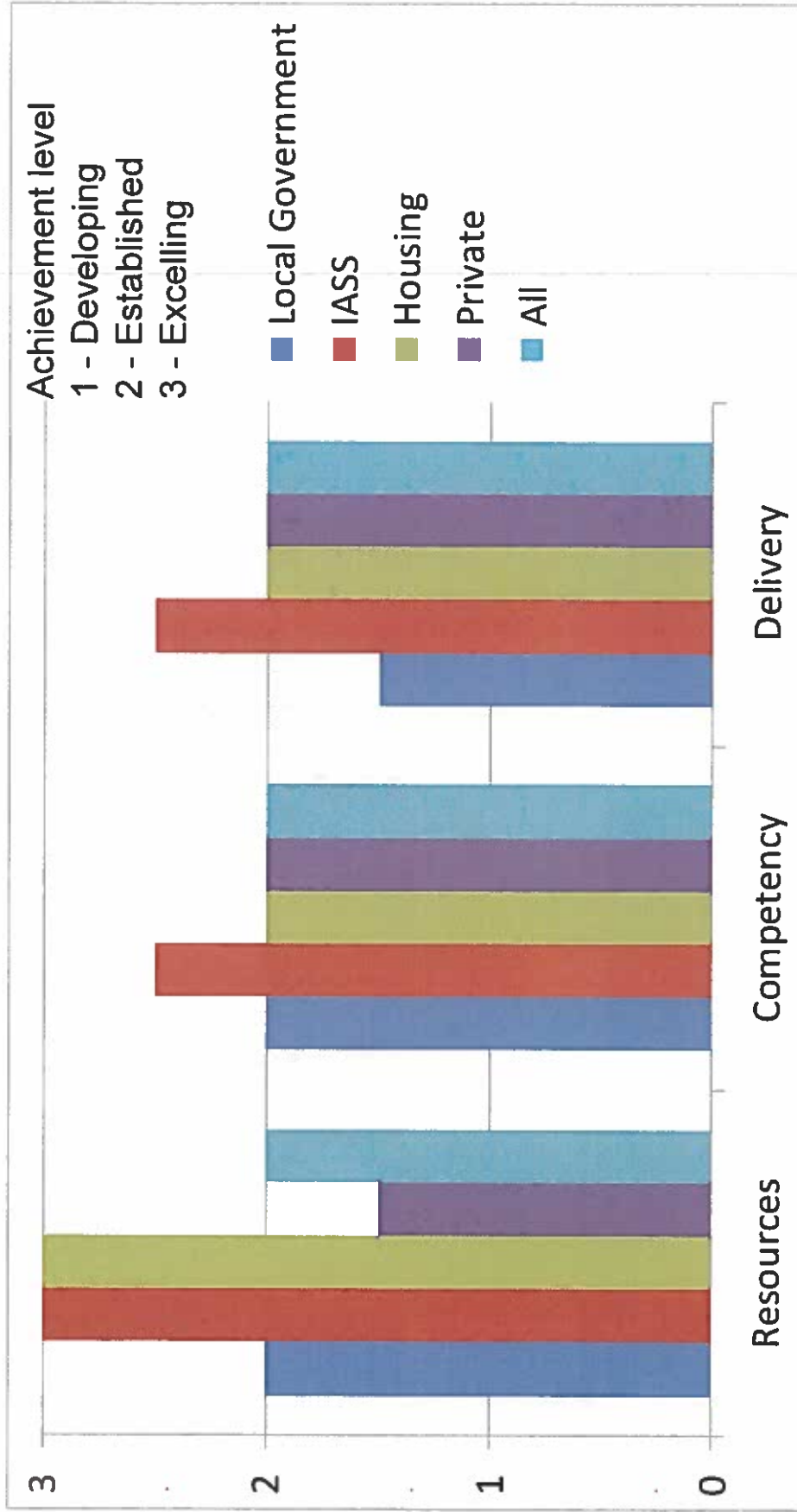
Question	A	B
Purpose	✓	✓
Understanding of Council requirements	✓	✓
Adequate assurance provided	✓	✓
Independence with contact outside of meetings	✓	✓
Status	✓	✓
Experience, skills and effective communication	✓	✓
Effective performance	✓	✓
Effective planning and priorities	✓	✓
Other relevant observations		

- a) Good contact with S151 on a regular basis
- b) Regular contact with departments and Senior Managers
- c) Assurance levels have been questioned by Audit Committee
- d) Involvement of Audit Committee in planning would be seen to be beneficial

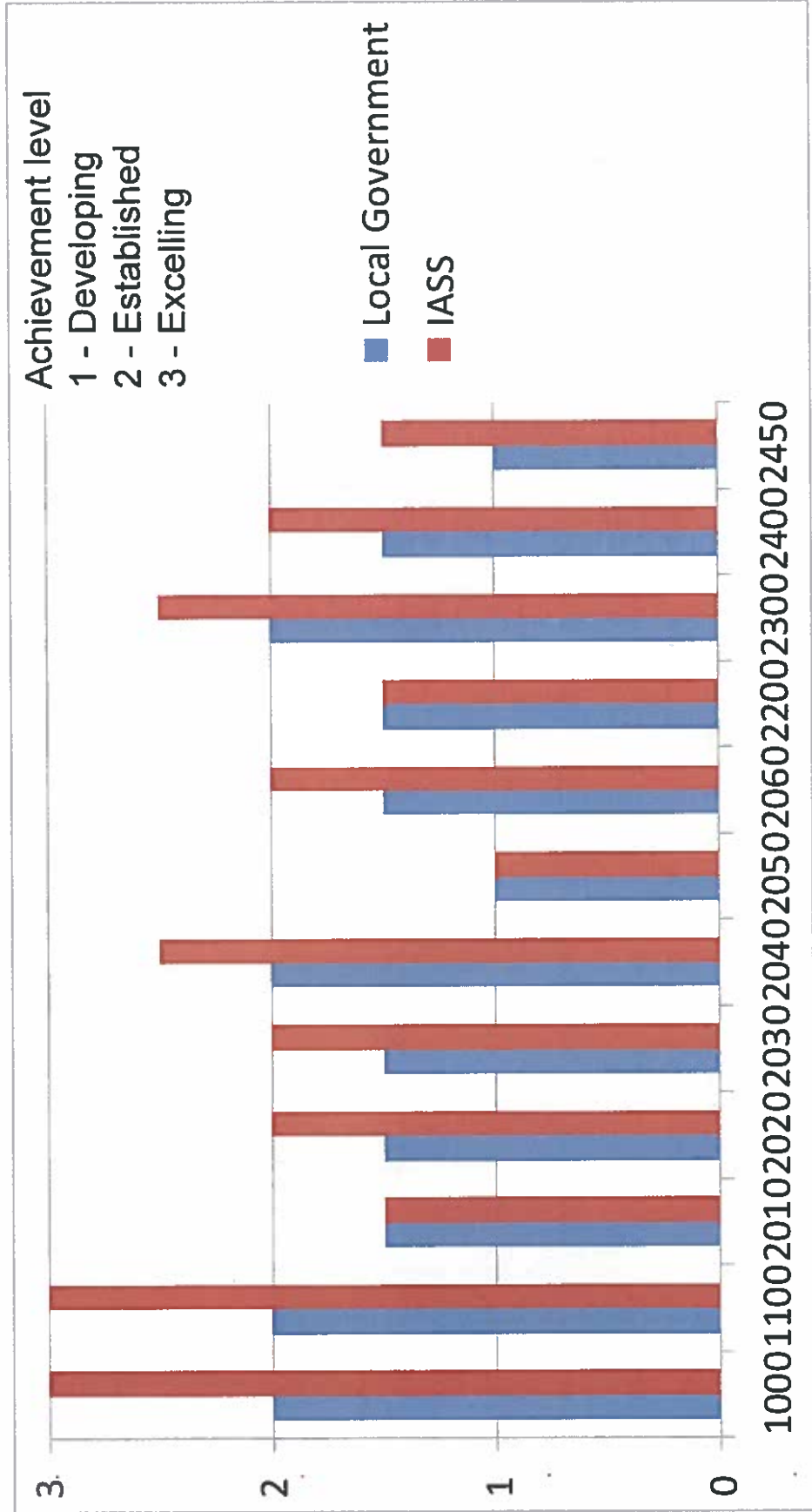
Overall assessment

1	RESOURCES		Excelling – Processes in this area are fully embedded within every day practices and reflect best practice that is at least consistent with PSIAS expectations.	
2	COMPETENCY		Established – Processes in this area are embedded within every day practices, the EQA has identified a number of areas in which further development is desirable.	
3	DELIVERY		Established – Processes in this area are embedded within every day practices, the EQA has identified a number of areas in which further development is desirable.	

Benchmarking Sector analysis



Benchmarking Industry analysis



Key PSIAS Standards assessed

(for benchmarking purposes)

Standard	Focus
1000	<p>Purpose, Authority and Responsibility</p> <p>The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.</p>
1100	<p>Independence and Objectivity</p> <p>The internal audit activity must be independent, and internal auditors must be objective in performing their work.</p>
2010	<p>Planning</p> <p>The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.</p>
2020	<p>Communication and approval</p> <p>The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.</p>
2030	<p>Resource Management</p> <p>The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.</p>
2040	<p>Policies</p> <p>The chief audit executive must establish policies and procedures to guide the internal audit activity.</p>
2050	<p>Co-ordination</p> <p>The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.</p>
2060	<p>Reporting</p> <p>The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.</p>
2200	<p>Engagement planning</p> <p>Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.</p>
2300	<p>Work programme</p> <p>Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.</p>
2400	<p>Communicating results</p> <p>Internal auditors must communicate the results of engagements</p>
2450	<p>Overall opinions</p> <p>When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.</p>

Conclusion

- The internal audit provision within Tamworth Borough Council and Lichfield District Council complies with the expectations of the Public Sector Internal Audit Standards.
- The introduction of the managed service has benefited both Councils and receives positive feedback from Executive Management.
- There are a number of areas in which the service can be further improved in relation to the use of risk based auditing which will provide increased levels of assurance to the Councils and assist in improving its profile and the subsequent feedback that is received from clients:
 - the service should continue to move to an approach that reflects full recognition of the risk factors recognised by the Councils both at a strategic planning level and when conducting assignments.
 - the use of opinions should be reviewed to better reflect the risk appetite of the Council and should reflect identification and escalation of recommendations graded as significant that match risk definitions graded as 'red' or 'amber' within the various risk management systems.
 - the Annual Report of the Chief Internal Auditor should be enhanced to reflect assurance related to awareness of the significant risks being faced by the Council.
- The further development of risk management systems within both Councils to reflect an Assurance Framework would enable greater recognition of key mitigating controls and the other sources of assurance with which internal audit effort should be co-ordinated in order to support the Governance Statements process.
- Some revisions to the internal audit processes may be beneficial in terms of improving efficiency and transparency of the assurance being provided.



Appendix A



Client
Assignment
Audit Year:

Assignment Brief

Audit Ref:

<p>Management Objective for the System</p>	<p>Key Risks: Identified from the Risk Register, discussed with management & knowledge base</p>	<p>Key Controls (to mitigate risk) To include expected controls, those identified through discussion with client and documentation of associated</p>	<p>Conclusion: in terms of mitigations and effective mitigation of the risk identified</p>	<p>Report Audience</p>
1				
2				
3				
4				
<p>Audit Approach</p>				

Example wording for positive annual opinion

- As the internal audit service provider to the organisation, I am required as the Head of Internal Audit to provide the organisation and the Chief Executive with a statement on the adequacy and effectiveness of the organisation's risk management, control and governance processes.
- In giving an opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the organisation is a reasonable assurance there are no major weaknesses in the organisation's risk management, control and governance processes.
- In assessing the level of assurance to be given, the following have been taken into account::
 - All audits undertaken during the year;
 - Any follow-up action taken in respect of audits from previous periods;
 - Significant recommendations not accepted by management or acted upon and the consequent risks;
 - The effects of any significant changes in the organisation's objectives or systems;
 - Matters arising from previous reports to the organisation;
 - Any limitations which may have been placed on the scope of internal audit;
 - The extent to which resources constraints may impinge on the Head of Internal Audit's ability to meet the full audit needs of the organisation;
 - What proportion of the organisation's audit need has been covered to date; and
 - The results of work performed by other assurance providers including the work of the financial statement auditors (if applicable).
- We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the organisation's risk management, control and governance processes.
- Overall in our opinion, based upon the reviews performed during the year, the organisation:
 - has adequate and effective risk management arrangements;
 - has adequate and effective governance; and
 - has adequate and effective control processes.

Appendix C

- an example 'Basis for opinions'

KEY FOR RECOMMENDATIONS (IN RELATION TO THE SYSTEM REVIEWED)

Fundamental (F)	- The organisation is subject to levels of fundamental risk where immediate action should be taken to implement an agreed action plan. In the Authorities Risk Management Policy this approximates to the risk grading - intolerable .
Significant (S)	- Attention to be given to resolving the position as the organisation may be subject to significant risks. In the Authorities Risk Management Policy this approximates to the risk grading - significant .
Merits Attention (MA)	- Desirable improvements to be made to improve the control, risk management or governance framework or strengthen its effectiveness. In the Authorities Risk Management Policy this approximates to the risk grading - operational .

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.
Limited (Negative opinion)	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.
	Good / Adequate	Weak	As above however the extent of non-compliance identified prevents the Framework of Control from achieving its objectives and thereby 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.
	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.

