

Internal Audit Annual Report

2013/14



**SEVENOAKS DISTRICT COUNCIL
ANNUAL INTERNAL AUDIT REPORT 2013/14**

Contents

Section	Page Number
Background	3
Introduction	3
Internal Audit Assurance Opinion	3
Details of Activities During The Year	4-5
Internal Audit Approach	6-7
Internal Audit Section Performance	7-11
Summary of Reports Issued 2013/14 – Annex 1	12
Details of Reports Issued since Last meeting - Annex 2	13-16
Definition of Audit Opinions – Annex 3	17
Revised Opinions and Definitions – Annex 4	18-20

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

Background

1. This report deals with the outcome of the work undertaken by the Audit and Risk and Anti-Fraud Team for the period 2013/14. The report also contains the overall Assurance Opinion of the Internal Audit Manager regarding the effectiveness of the systems of internal controls within the Council for the period 2013/14; and a summary of the reviews carried out, including outturn performance indicators for the period.

Members may note that this is the fourth annual report following the shared services agreement with Dartford Borough Council.

2. The Accounts and Audit Regulations 2011, require local Councils to comply with proper practices regarding their arrangements for internal audit and internal control. This requires compliance with the new mandatory Public Sector Internal Audit Standards which came into effect on 1 April 2013. This report is therefore prepared in compliance with the new standards and the practice notes issued CIPFA in 2013.

Introduction

- 3 This report sets out the following details relating to the team's service plan objectives for 2013/14:
 - Provides an overall assurance opinion on the adequacy and effectiveness of the organisations control environment for 2013/14
 - Summarises the outcome of the team's work during 2013/14 with respect to:
 - The Annual Internal Audit Plan for 2013/14
 - Risk Management
 - Annual Governance Statement
 - Assesses Internal Audit performance against a range of performance measures
 - Summarises the result of 2013/14 audit reviews. (Annex 1)
 - Summaries of outcome of the findings and recommendations of reports issued since the last meeting of the committee are attached in Annex 2

Basis of the opinion on the Council's Internal Control Environment

4. The Internal Audit Manager's opinion on the Council's system of internal control environment is substantially based on the work of the Audit, Risk and Anti-Fraud team during 2013/14, details of which can be found in Annex 1 of this report. Other sources of assurance are also taken into consideration in the overall opinion where appropriate.

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

4.1. Overall Assurance Opinion

Based on the audit work undertaken throughout the year, responses to our recommendations and our fraud or irregularity investigations; and giving regard to other sources of assurance; in my opinion as Internal Audit Manager, Sevenoaks District Council's system of internal control contributes effectively to the proper, economic, efficient and effective use of resources in achieving the Council's objectives. This opinion is based on the work of the Internal Audit Service during 2013-14 and giving regard to the work of the External Auditors.

Whilst it was identified that management had, in the main, established effective internal controls within the areas reviewed by internal audit during 2013-14, there were areas which presented opportunities for further improvement in internal control, or where compliance with existing controls could be enhanced, to reduce the financial, legal or reputational risk to the Council. Where such findings were identified, recommendations were agreed with management to further strengthen the controls within the systems/processes they affect.

The system of internal control is designed to manage risks to a reasonable level rather than to eliminate all risks of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

Activities During The Year - Internal Audit

5. The key responsibility of the team is to provide an in-house internal audit service on behalf of the Council.
6. Internal Audit is defined by the new Public Sector Internal Audit Standards 2013, as; "an independent, objective assurance and consulting activity designed to add value to improve the operations of the Council. It assists the Council to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Council's risk management, control, and governance processes".
7. The original audit plan for 2013/14 contained 22 reviews for 2013/14. During the year the plan was revised to reflect available resources and to take account of risk and materiality in delivering the assurance requirements for 2013/14. One review was deferred which has been included in the annual audit plan for 2014/15. The remaining reviews have all been completed at least to draft report stage. A summary of the outcome of reviews is attached as Annex 1 to this report.
8. The key aspects of our internal control responsibilities are aimed at achieving the following:
 - to ensure adherence to Council policies and directives in order to achieve the organisation's objectives
 - to safeguard assets
 - to secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records and

SEVENOAKS DISTRICT COUNCIL INTERNAL AUDIT REPORT 2013/14

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- to ensure compliance with statutory requirements.
9. An additional responsibility is that internal audit works closely with the Council's external auditors in order to minimise duplication and disruption to service. We also share our findings which contribute towards strengthening of internal controls an assurance.
 10. Annex 1 shows a summary of the findings and opinions on individual reviews conducted during the year. Given that some of the audit work was carried out over a year ago, where appropriate, an updated opinion is given to reflect changes over the period and the position as at 16 May 2014.
 11. There were no significant issues arising from the work done with regard to the audit plan. We received a good response to our recommendations to improve control across the organisation. To date departments have implemented 16 (46%) (16, 35% in 2012/13) of our recommendations, immediately following the audit, with action in progress, or have plans to implement the remainder within an agreed timescale.

Prepare the Internal Audit Plan for 2014/15

12. The audit plan for 2014/15 was presented to the Audit Committee in March 2014. The plan is risk based, and reflects the Council's risk profile. At the time of audit planning, operational risk registers were being updated and the strategic risk register was under review by senior management. The internal audit plan is designed to be flexible to the needs of the Council and would therefore be revised as necessary to reflect any changes in risk profiles, or the Council's priorities. . Any revisions to the audit plan will be presented to the next meeting of the Audit Committee for approval.

Risk Management

13. During the year substantial progress was made in implementing the new risk management framework. The new risk management Strategy was approved both by the Audit Committee and Cabinet. The strategic risk register has been updated and is presented as part of the papers for the June Audit Committee.

Annual Governance Statement (AGS)

14. Regulation 4 of the Accounts and Audit Regulations 2011 requires the Council to carry out an annual review of its system of internal control; risk management processes and governance arrangements. The outcomes of these reviews are required to be included in an Annual Governance Statement (AGS). The team co-ordinated the information gathering process, which fed into the production of the AGS, and offered advice, guidance and information to Management, in order to facilitate the effective completion of the process. A report on the Annual Governance Statement is included in the papers to the June Audit Committee for their consideration.

Other Activities

15. A summary of the non-core activities undertaken by the team is as follows:

SEVENOAKS DISTRICT COUNCIL INTERNAL AUDIT REPORT 2013/14

- Liaise with the Council's new External Auditors to facilitate closer co-operation and minimise duplication in delivering the assurance requirements for the Council and to strengthen internal control.
- Carried out investigations and ad hoc projects as required by management in delivering the Council's objectives
- The Audit Manager also attended regular finance managers' meetings and Senior Management Group meetings

Audit Approach

16. The following sets out our approach in carrying out our audit responsibilities during 2013/14:

Risk Based System Reviews

17. When carrying out an audit review, we identify the financial and operational controls in place within the system to manage potential risks, and then evaluate and test the controls to ensure that they are operating as planned. This allows us to test only a sample of transactions and still draw conclusions about how well procedures are working in the Council. Examples of the types of controls we expect to see in place are as follows:
- up-to-date procedure notes, so that staff are aware of the procedures they should be following
 - separation of duties and third party checks, so that staff act as checks on each other's actions
 - effective supervision, so that quality is maintained and that any problems are promptly identified and addressed
 - reconciliations between financial records and other records held, to confirm the accuracy of the financial records
 - access to records is limited to those who are authorised to use it for pursuance of Council business
 - effective review of exception reports and other management information

Contract Audit

18. As well as reviewing the Council's Contracts Register, we advise on tendering procedures and compliance with legislation and regulations. We also follow the progress of the contract throughout its life where appropriate and confirm the final accounts have been checked to ensure these are in accordance with the contract and any variation orders. In accordance with guidance from CIPFA, we do not audit final accounts, as we place reliance on the technical staff responsible for managing and monitoring the contracts in compliance with Council procedures.

SEVENOAKS DISTRICT COUNCIL INTERNAL AUDIT REPORT 2013/14

Fraud and Corruption

19. When a loss or potential fraud is brought to our attention or discovered during an audit, we undertake an investigation in order to determine whether the loss was as a result of an error or deliberate action. Where appropriate, we make recommendations to improve controls within the system affected by the loss or allegation. During the year 2013/14 there were two investigations undertaken.
20. We work closely with the Audit Commission's National Fraud Initiative (NFI) who provides us with 'fraud warnings' and relevant fraud data throughout the year. Where appropriate, we investigate to ensure that fraud found at other organisations is not taking place at Sevenoaks District Council, as part of the fraud risk management process. During the year we carried out investigations into data matches passed to us by the NFI. There were no significant findings from the matches investigated.

Following up Previous Year's Audits

21. Follow-up on previous audit recommendations and agreed actions is necessary to enable internal audit to assess the effectiveness of the audit recommendations implemented by management to address identified weaknesses in internal controls. When we carry out an audit, we follow up on any previous audit recommendations as part of our review. Where areas are reviewed annually this means that recommendations are usually followed up the year after they are made. However, where the audit opinion is unsatisfactory, follow-up would be carried out within 3 to 6 months of the review or sooner, where appropriate.

Internal Audit Section Performance

22. Internal Audit's performance over the past year is analysed over a number of factors in order to facilitate continuous monitoring of inputs, outputs and quality, and to maintain high professional standards. Outturn data for performance measures are highlighted below (see pages 7 to 11 below).

Quality Measures

23. *External Audit* – Grant Thornton became the new external auditors in 2012/13. During the year we worked closely with the District Auditor and staff to meet the assurance requirements.
24. The reliance placed on our work by the external auditors reduces both the duplication of audit effort and the total cost to the Council of work done by the external auditors. We will continue to work in co-operation with the external auditors in 2014 to ensure an integrated audit approach.
25. The team is ISO9001 accredited and had a successful review following the last assessment by BSI in January 2014.
26. *Audit satisfaction questionnaires* – As part of our overall approach to quality, we send a customer questionnaire to all recipients of our reports, who are asked to

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

comment on their satisfaction with the audit process and outcomes. The survey results received so far are summarised in the table below:

Responses to Questionnaires: –

	Question	Yes	%	No	%
1	I was given adequate notification and opportunity to contribute and comment prior to the Audit Brief being issued	17	94%	1	6%
2	Appropriate staff were interviewed	15	83%	3	17%
3	Audit objectives covered all the relevant issues	16	89%	2	11%
4	I am confident with the accuracy of the audit findings	14	78%	4	22%
5a	I was given adequate opportunity to discuss audit findings and recommendations during the feedback	16	89%	2	11%
5b	and my views were adequately reflected in the final report	15*	83%	2	11%
6a	The final audit report was timely	17	94%	1	6%
6b	and clear and understandable	18	100%		
7a	The audit recommendations in the final report were relevant,	14*	78%	3	17%
7b	practical,	16*	89%	1	6%
7c	realistic	15*	83%	2	11%
8	This audit has added value and/or assurance of adequacy (or not) of internal controls	15*	83%	2	11%
9	Did this audit identify any unknown issues	1	6%	17	94%

*Two questionnaires were marked as N/A to questions 5b 7a, 7b, 7c & 8 as they felt they either didn't apply or that there were no recommendations made in the audits.

SEVENOAKS DISTRICT COUNCIL INTERNAL AUDIT REPORT 2013/14

Implementation of Recommendations

27. Following our audit all report recipients are asked to complete a monitoring sheet showing whether they agree with the recommendations made and how they plan to implement them. The results are summarised as follows:

Analysis of progress sheets

Recommendations	2013/14		2012/13	
	number	%	number	%
accepted	35	100	46	100
Rejected	0	0	0	0
recommendation implemented	16	46	16	35
implementation in progress	12	34		
implementation planned	7	20	30	65
no action recorded	0		0	

28. In total, we have agreed 35 recommendations to date in 2013/14. Some reports did not receive a recommendation, where the controls were found to be sufficiently strong and where it was felt that additional strengthening may not be cost effective (see Appendix A - Annex 1)
29. The above shows that departments are taking action on 100% of our recommendations.

Input Resources

30. **Staffing** – The team has the full complement of staff agreed in the shared services agreement between Sevenoaks and Dartford Councils. However a vacancy has arisen due to a member of staff taking up an appointment with another local authority. Also, one staff has been on long term sickness. In the short term we are covering both positions with temporary agency staff.
31. **Sickness levels** – Total sick days for the year for the team was 68 days in 2013/14, averaging approximately 17 days (12 days in 2012/13). The sickness levels are skewed by the long term illness of one staff member. Excluding the long term sickness, the average sickness is 4.6 days. The average number of sickness days for the Council as a whole for 2013/14 is 8.65 days.
32. **Training** – Training is an important part of staff development and is required to ensure continuing professional development (CPD) to equip staff with the skills they need to provide quality and an effective services and to keep abreast of regulatory and technical developments. Over the past year, team members participated in training covering the following areas:
- Internal Audit Development Day
 - Markets Administration Cash Collection System (MACCS)
 - Cedar Financials
 - IDEA
 - NFI

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

- Budget Monitoring
- KAG Conference
- CIPFA – Audit Conference
- ALARM Development Day
- Ivy soft (In-house on-line training on a range of subjects)

33. The section also participated in the following County Wide and professional group meetings where best practice is discussed and disseminated:

- Kent Audit Group meetings – Heads of Audit
- Institute of Internal Auditors Heads of Internal Audit Forum

Output Measures

Completion of the audit programme:

34. Twenty one reviews out of twenty one within the revised internal audit plan for 2013/14 were completed to at least to draft stage. The original plan consisted of 22 reviews. However, for operational reasons the plan was revised in January 2014. One review was deferred and approved by the Audit Committee.

Performance measures

35. In 2013/14, the team was measured against the following PIs for Internal Audit based on the CIPFA guidance. The following shows actual performance against targets for 2012/13.

	Measure	Target	Actual 2013/14	Actual 2012/13
1	Percentage of internal audit time spent on direct activity	80% of available time.	88%	82.59%
2	Efficiency of the audit service	95% of draft reports issued within 15 working days of completion of the audit fieldwork.	*89% (16/18)	95 %
3	Efficiency of the audit service	95% of audits achieved in allocated days (+10%)	**48% (10/21)	90%
4	Client satisfaction with audits carried out	92% client satisfaction as indicated by the responses to the post audit	89%	100%

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

		<i>questionnaires.</i>		
5	<i>Completion of the Internal Audit Plan</i>	95 %	100%	100%

36. * Item 2 is mainly due to the impact of long term sickness of key staff.

**item 3 is partly due to long term sickness and also the fact that additional issues arise during some reviews which were outside scope, but which required further investigating, in order to provide an appropriate level of assurance. The additional time required for conducting the investigation was included in the original review planned time, instead of separately. We have subsequently implemented new procedures to ensure that additional work carried out which fell outside the initial audit scope will be shown separately in future.

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

Appendix A - Annex 1 – Summary of Reports Issued During the Year

Audit title	Opinion
Sundry Debtors 2012/13	Good/Good
IT Implementation & Network 2012/13	Satisfactory/Unsatisfactory
Direct Services – Dunbrik 2012/13	Satisfactory/Satisfactory
Council Tax/NNDR	Good/Good
Cash & Bank Reconciliations	Good/Good
Environmental Health Partnership 2012/13	Good/Good
Project Delivery Arrangements 2012/13	Good/Good
Corporate Health & Safety 2013/14	Good/Good
Review of Safeguarding 2013/14	Satisfactory/Satisfactory
Risk Management 2012/13	Not Applicable
Annual Governance Statement	Not Applicable
Car Parking Income	Good/Good
Section 106 Agreement 2013/14	Satisfactory/Good
Housing 2013/14	Good/Good
Direct Services – Dunbrik 2013/14	Good/Good
Council Tax Support & Housing Benefits	Good/Good
Extra Audit – Cashier Duties	Good/Good
Treasury Management 2013/14	Good/Good
Purchasing & Creditors 2013/14	Good/Good
Contract Management Arrangements 2013/14	Good/Good
Council Tax/NNDR 2013/14	Good/Satisfactory
Budgetary Control 2013/14	Good/Good
Sundry Debtors 2013/14	Good/Good
Overall Opinion	See opinion on Para 4.1

Note: See annex 4 below for definitions of audit opinions.

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

Appendix A – Annex 2 – Summary of Report Findings Since Last Meeting

Review of Council Tax/NDR 2013/14

Issued: 26 February 2014

Opinion; Control Framework – Good (opinion previous year 2012-13 Good)
Compliance with Framework – Satisfactory (opinion from previous year's audit, 2012/13: Good)

The purpose of the review was to provide an assurance regarding the effectiveness of the Council's controls required for delivering service objectives for the collection of local taxes and the shared service arrangements which were introduced in December 2010 for Council Tax and Non Domestic Rates. In particular this audit addressed the arrangements for implementing the requirements of new legislation and statutory requirements. These changes took effect from 1st April 2013. To this effect, the following key risks and controls were examined;

- 1) Risk that the Council may not comply with relevant legislation, policies or good practice.
- 2) Risk that the service may not deliver its service objectives.
- 3) Risk that amendments to parameters may have been undertaken without authorisation.
- 4) Risk that the system for identifying and recording liability may not be operating correctly.
- 5) Risk that the system for collecting income including recovery arrangements and over payments may not be effective.
- 6) Risk that discounts and exemptions may not have been discontinued after claimant entitlement had ceased.
- 7) Risk that refunds of Council Tax overpayments, NDR overpayments and Housing Benefits credits may not be effectively controlled.
- 8) Risk that the introduction of Council Tax Support and Business Rates retention may not have been effectively incorporated into processes and procedures.
- 9) Risk that accuracy of the data transfer onto the computer system may not be reliable.
- 10) Risk that fraud and corruption may be undetected.
- 11) Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised.
- 12) Risk assessments may not be undertaken and risks not adequately managed.

SEVENOAKS DISTRICT COUNCIL INTERNAL AUDIT REPORT 2013/14

Audit testing results indicated that controls were fully met in eight of the aspects examined, whilst four was partially met. (These were risks 5,7,10 and 11)

The opinion of the auditor was that the Council Tax & NDR framework was “good” This meant that a high level of control framework was in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. The compliance with the Council Tax & NDR framework was “satisfactory”. This meant that occasional instances of failure to comply with the control process were identified and opportunities still exist to mitigate further against potential risks.

Two recommendations were agreed with Management to address the areas where controls were partially met. These related to risks 5,7,10 and 11.

- The existing arrangements for authorising payment of a SDC housing benefit refund should be reviewed to the adequacy of existing controls. A possible solution may be for a certification by someone not part of the process. Consideration should also be given for DBC to adopt the automated process for HB refunds employed by SDC once assurances have been obtained that there are effective certification controls operating within the automated process.
- Management need to gain assurance that effective authorisation checks are in place for NDR refunds prior to the refund being paid.

Members will be advised of the progress in implementing these recommendations in due course.

Review of Budgetary Control 2013/14

Issued: 28 March 2014

Opinion: Control Framework – Good (2012-13 opinion Good)
Compliance with Framework – Good (2012-13 opinion Good)

The purpose of the review was to provide an assurance regarding the effectiveness of the robustness of the budget preparation process, including profiles. Also, the budgetary control process and monitoring arrangements, including action to identify and prevent significant variances.

To this effect, the following key risks and controls were examined;

- 1) Risk that the Council may not comply with relevant legislation, organisational policy and good practice.
- 2) Risk that the budget setting and profiling process may not be effective or timely.
- 3) Risk that there may be ineffective arrangements for monitoring and reporting budgetary activity.

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

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- 4) Risk that corrective and timely action to identify and manage variances may not be taken.
 - 5) Risk that there may be ineffective arrangements over the controls for virements.
 - 6) Risk that fraud and/or corruption may be undetected.
 - 7) Risk of failure to maximise opportunities to demonstrate efficiency or VFM.
 - 8) Risk that risk assessments may not be adequately undertaken and risks not adequately managed.

Audit testing results indicated that controls were fully met in all seven of the aspects examined.

The opinion of the auditor was that the Budgetary Control framework was “good”. Additionally the implementation of the current framework was “good”. This meant that a high level of control framework was in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. There was evidence that the framework of controls were substantially being complied with and the risk management process was considered to be good. Only minor errors or omissions were identified.

The review concluded that the system operates effectively, and further controls would not be economic or efficient to implement.

Review of Sundry Debtors 2013/14

Issued: 28 March 2014

Opinion: Control Framework – Good
Compliance with Framework - Good

The purpose of the review was to provide an assurance regarding the effectiveness of the debtors system regarding fitness for purpose and compliance with Council procedures.

To this effect, the following key risks and controls were examined;

- 1) Risk that the Council may not comply with relevant legislation, organisational policy and good practice.
- 2) Risk there may be insufficient or no documentary evidence to support debtor accounts and transactions.
- 3) Risk that transactions may not be processed promptly and debtor accounts may not be up-to-date or accurate.

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

- 4) Risk that invoices may not be correct, promptly issued or contain all relevant information.
- 5) Risk that aged debt may not be monitored and recovery action not taken.
- 6) Risk that separation of duties may not be maintained between the invoicing function and cash collection.
- 7) Risk that fraud and corruption may be undetected.
- 8) Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised.
- 9) Risk assessments may not be adequately undertaken and risks not adequately managed.

Audit testing results indicated that:

- In relation to the Control Framework, controls were fully met for eight of the risks examined, while one (risk 1) was partially met.
- In relation to the effectiveness of the framework, controls were fully met for all nine of the risks examined.

The opinion of the auditor was that the control framework was “good”. This meant that a high level of control framework was in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. The effectiveness of the control framework was also “good”.

One recommendation was agreed with Management to address the area where controls were partially met. This relates to risk 1.

- The Debt Recovery Officer should review all debtor procedures on a regular basis (at least annually) with the review date recorded on the documents even if no changes were made.

Members will be advised of the progress in implementing these recommendations in due course.

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

Appendix A - Annex 3

AUDIT OPINIONS - Definitions

Good	<i>Controls are in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against significant foreseeable risks. Compliance with the risk management process is considered to be good and no significant or material errors or omissions were found.</i>
Satisfactory	<i>Controls exist to enable the achievement of service objectives, obtain good corporate governance, and protect against significant foreseeable risks. However, occasional instances of failure to comply with the control process were identified and opportunities still exist to mitigate further against potential risks.</i>
Adequate	<i>Controls are in place and to varying degrees are complied with but there are gaps in the control process, which weaken the system and leave the Council exposed to some minor risks. There is therefore, a need to introduce some additional controls and improve compliance with existing controls to reduce the risk to the Council.</i>
Unsatisfactory	<i>Controls are considered insufficient with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls, and errors and omissions have been detected. Failure to improve controls leaves the Council exposed to significant risk, which could lead to major financial loss, embarrassment, or failure to achieve key service objectives.</i>
Unacceptable	<i>Controls are generally weak or non-existent, leaving the system open to abuse or error. A high number of key risks remain unidentified and therefore, unmanaged.</i>

Audit Opinions

Since January 2013 a trial of two audit opinions have been given for each audit review.

Framework. – the systems in place and controls within it.

The first opinion refers to the framework of controls in place to manage the risks. This refers to the controls in place established by management to manage the risks which could prevent the achievement of service objectives. The review of framework is designed to identify areas where there are control gaps, or a need to enhance existing controls. It will then make recommendations for additional or improved controls.

Effectiveness – the effectiveness of the controls in place.

This opinion refers to the effectiveness of existing controls. This refers to the degree of compliance with established controls. Compliance with established controls is what makes a system effective, assuming that the controls are strong enough to facilitate the effective management of identifiable risks and the delivery of objectives. Substantive testing is undertaken to assess the degree of compliance. The higher the degree of compliance, the more effective the system would be in delivering objectives. Testing will identify where controls are not achieving the required outcomes, or where they are not being followed. Recommendations will then be made to either strengthen or enforce compliance with existing controls.

No compliance testing will be undertaken where no framework exists. However, weakness or threat testing may be undertaken, in order to establish the extent of the risk, or the potential loss to the Council.

Additionally, to support this new approach, the opinions have been redefined and the revised definitions are below.

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

Opinion	Framework	Effectiveness(Implementation)
Excellent	... innovative frameworks are in place, which demonstrate efficiencies and excellent value for money, whilst ensuring the achievement of service objectives, good corporate governance and high level of protection for the council against foreseeable risks.	... there is full compliance with the framework of controls and the risk management process is considered to be fully effective. There is evidence of notable practice and no areas of concern were identified.
Minimum requirement	All controls are in place	All controls are fully implemented
Good	... a high level of control framework is in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks.	... the framework of controls is substantially being complied with and risk management process is considered to be good. Only minor errors or omissions identified
Minimum requirement	All controls are in place	51% or above of testing results are low and the remainder are medium. Limited room for further development
Satisfactory	... controls exist to enable the achievement of service objectives, obtain good corporate governance and mitigate against significant foreseeable risks.	... occasional instances of failure to comply with the control process were identified and opportunities still exist to mitigate further against potential risks.
Minimum requirement	Control requirements are substantially met	Up to 50% of testing results are medium or low. Opportunities for further developments exists requiring constructive proposals for management consideration
Unsatisfactory	... limited controls are in place but there are gaps in the process, which leave the service exposed to foreseeable risks. Hence further development in framework is needed to make the system effective.	... there is an urgent need to introduce additional controls and improve compliance with existing controls, to reduce the risk exposure to the Council.
Minimum	Control requirements are patchy	Testing results identified one or

**SEVENOAKS DISTRICT COUNCIL
INTERNAL AUDIT REPORT 2013/14**

requirement	and unreliable	more high risk
Unacceptable	... controls are considered to be inadequate or non-existent with the absence of at least one critical control mechanism. An urgent need exists to introduce appropriate level of controls without delay.	<p>... failure to urgently improve controls leaves the Council exposed to significant risk, which could lead to major financial loss, embarrassment, or failure to achieve key service objectives.</p> <p>Note: compliance testing in this circumstance may not add value. However, there would be some value in conducting weakness testing in some circumstances to determine the level of "threat" or "loss" to the Council. Hence an opinion for compliance may not be given where the framework is "unacceptable"</p>
Minimum requirement	No evidence of control exists	Testing results identified one or more very high risk.