Appendix A – Progress Report

1   Introduction

1.1   Management is responsible for the system of internal control and establishes policies and procedures to help ensure that the system is functioning correctly. On behalf of the Civic Affairs and Audit Committee, Internal Audit acts as an assurance function by providing an independent and objective opinion on the control environment.

1.2   The purpose of this report is to provide an update on the recent work completed by internal audit and report our overall opinion on the control environment. This opinion will in turn be used to inform the Annual Governance Statement which accompanies the Statement of Accounts.

1.3   Where appropriate, reports are given an overall opinion based on four levels of assurance. This is based on the evaluation of the control and environment, and the type of recommendations we make in each report. If a review has either "Limited" or "No" assurance, the system is followed up to review if the actions are implemented promptly and effectively. Further information is available in Appendix B – Glossary of terms.

2   Resources and team update

2.1   An internal audit plan is presented to the Civic Affairs and Audit Committee at least annually. Best practice encourages continuous review of the plan to reflect emerging risks, changes in corporate priorities, and evolving resourcing considerations. Since June 2020, we have adopted a six-month planning cycle, which provides greater flexibility to respond to developments and ensures the audit plan continues to deliver value to the Council.

2.2   Audit assignments are delivered by a substantive team with a mix of highly regarded professional qualifications (including CIPFA, ACCA and IIA). We also utilise alternative resources such as agency workers or internal secondments, which can be helpful in targeting specific pieces of work. In 2023/2024 and 2024/2025, we successfully hosted a Graduate Trainee through the LGA National Graduate Development Programme. This initiative proved to be a valuable and positive experience for both the team and the trainee.

2.3   We currently have four qualified auditors, and one audit assistant, as substantive team members. Following the Council's recent Transformation Review, the internal audit team has been restructured. We reviewed our budget (including an existing vacancy at a senior level) to fund two new apprenticeship posts. The Institute of Internal Auditors have an apprenticeship scheme, which they are currently reviewing. We have started to engage with training providers and recruitment will commence once the scheme is finalised. This revised approach supports the development of in-house talent and helps address recruitment challenges in a profession that continues to face resourcing pressures.

2.4   The team participates in continuous learning and professional development. We also meet quarterly for dedicated internal reviews to maintain our compliance with standards and identify learning and development opportunities for the team. We have been continuing to develop our knowledge and trial AI in our work programmes.

2.5   Progress of the plan delivery is illustrated on the following pages for information.

3   Assurance and opinion

3.1   The internal audit plan enables me, as the Chief Audit Executive, to provide an independent and objective opinion on the adequacy and effectiveness of the Council's internal control environment. This encompasses risk management, corporate governance, and financial controls. My opinion contributes directly to the preparation of the Annual Governance Statement.

3.2   Internal audit activity is designed to support continuous improvement in the Council's control environment. However, the responsibility for developing and maintaining an effective internal control framework rests with management. This framework is intended to ensure that:

- The Council's resources are used efficiently and effectively;

- Risks to achieving service objectives are identified and appropriately managed; and

- Corporate policies, procedures, and regulations are adequate, effective, and consistently followed.

3.3   Assurance is derived from multiple sources, including:

- The work of Internal Audit;

- External audit and regulatory reviews;

- The Annual Governance Statement process, which includes a review of the Local Code of Corporate Governance; and

- the Council's risk management arrangements.

This multi-source approach ensures comprehensive coverage of key risks and supports a well-rounded assessment of the Council's overall control environment.

3.4   Where audit reviews identify weaknesses in the control environment or instances of non-compliance that could expose the organisation to risk, we agree actions with management to strengthen controls. For recommendations deemed to have a significant impact, we monitor implementation and report progress to the Civic Affairs and Audit Committee.

3.5   The Council has proactively self-referred to the Housing Regulator regarding matters related to housing rents and safety. We have been working closely with the relevant teams to evaluate their systems and monitor progress in strengthening internal controls. Our ongoing assessments have identified consistent improvements in these areas, reflecting a positive trajectory in both

compliance and operational effectiveness. Further details and findings are outlined in the summary audit reports included below.

3.6   Based on all available evidence, it is my opinion as Chief Audit Executive that **reasonable assurance** can be provided regarding the adequacy and effectiveness of the Council's internal control, governance, and risk management arrangements. This level of assurance is consistent with the previous reporting period.

3.7   However, we acknowledge the ongoing risks and challenges the Council faces, particularly in light of global events and the potential impact of these systemic risks on the control environment. In response, our current audit plan includes areas with relevant focus to ensure continued robustness and adaptability in our assurance work.

4   Independence and Objectivity

4.1   It is important that the Internal Audit service is sufficiently independent to provide an objective annual opinion.

4.2   We safeguard against any potential ethical threats by preparing an Internal Audit Code of Ethics, which is presented to the Committee annually.

4.3   Every year, all members of the team complete a declaration form to ensure and maintain independence and objectivity in conducting all assignments.

4.4   During the past year there has not been any impairment in independence or objectivity to the Chief Audit Executive or the service itself.

5   Added Value Services

5.1   Although our primary responsibility is to give an annual assurance opinion it is also important that the Internal Audit service adds value to the organisation.

5.2   There needs to be a firm focus on assisting the organisation to meet its aims and objectives and on working in an innovative and collaborative way with managers to help identify new ways of working that will bring about service improvements and deliver efficiencies.

6   Progress update

Finalised reviews

The following table summarises reviews with an audit opinion which have reached completion since our previous update to the Committee.

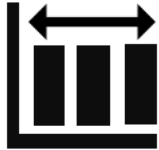| Audit	Assurance and actions		Summary of report and actions
HRA – Tenant Satisfaction Measures - Data Quality New	**Assurance:** Current: Previous: **Actions:** Critical High Medium Low	Reasonable New review 0 0 0 0	The Council has a portfolio of properties managed under the Housing Revenue Account(HRA). Local Authority Registered Providers (LARPs) are accountable to the Regulator of Social Housing (RSH). From 1 April 2023 all registered providers that own relevant social housing stock must calculate TSMs (Tenant Satisfaction Measures) on an annual basis in accordance with the TSM Standard. The TSMs include data on anti-social behaviour, building safety, complaints, tenant perceptions, and repairs. The first data returns were submitted in June 2024. We reviewed a selection of the data and checked: • information for reasonableness (does it make sense / is it comparable with peer Councils) • source information for data (can it be backed up / evidenced?) We can provide Reasonable assurance that TSM data provided to the regulator was accurate and well sourced. All information was complete at the time of reporting. However, a delayed start and lack of planning meant the process was inefficient. The team compiling the information has already taken steps to implement processes that gather the information continuously throughout the year.

Audit	Assurance and actions		Summary of report and actions
HRA - Safety – Asbestos New	**Assurance:** Current: Previous: **Actions:** Critical High Medium Low	Reasonable New Review 0 2 0 0	This review focused on two key areas: asbestos surveys for Housing Revenue Account (HRA) properties (including their storage and accessibility) and the procurement of asbestos removal works. Surveys are being carried out by appropriately qualified personnel and are maintained on an open register. The surveys were complete and conducted in a timely manner. However, the current register and system was cumbersome and difficult to navigate. No formal recommendation was made on this point, as the register is already in the process of being updated. In relation to asbestos removal works, management have agreed to undertake full procurement exercise to ensure compliance with standing orders and formalise arrangements for asbestos removal services.
HRA - Safety - Stakeholder engagement New	**Assurance:** Current: Previous: **Actions:** Critical High Medium Low	Full New review 0 0 0 0	This review examined communication practices between key stakeholders—tenants, the Council, and third parties (e.g. contractors) — within the complex Housing Revenue Account (HRA). Communication was timely, appropriate, and delivered through a variety of channels, including phone calls, messages, emails, and notes attached to works orders. The methods used were tailored to the needs of the recipients and supported effective two-way engagement. Notably, tenants are actively involved in governance through their participation on the Housing Scrutiny Board, and regular meetings are held to provide opportunities for tenants to raise concerns and contribute to service improvement. As a result of these findings, we are able to provide full assurance. No recommendations were necessary, and officers are commended for their effective and inclusive communication practices.

Audit	Assurance and actions		Summary of report and actions
HRA – Safety - Fire **New**	**Assurance:** Current: Previous: **Actions:** Critical High Medium Low	Limited New review 0 4 2 0	In the final quarter of 2024, we completed a review of fire safety compliance across the Council's housing stock. The review focused on risk management processes, action tracking, and testing data from the preceding six months. Regular updates on fire safety compliance have been provided to the Housing Scrutiny Committee. The Council is fully compliant with legislative requirements mandating the completion of Fire Risk Assessments (FRAs). Our review identified some non-compliant assessments and management agreed to review and update the information. The team are working with the supplier of the risk monitoring system to improve reporting and analysis. In June 2024, the Council successfully submitted its Tenant Satisfaction Measures, meeting the deadline for the new regulatory requirement. However, we noted that real-time records of FRA dates are not currently held for properties managed by external Managing Agents. We have recommended formalising this process to ensure data is readily accessible for future submissions, which would improve efficiency and preparedness. It was evident the Compliance team have been focusing on reviewing and completing open actions. Significant progress has been made, reducing the number of actions from 1,884 in January 2024 to 1,214 in July 2024. *Since our report was issued we have seen continued reduction in the number of open actions, and will validate the data as part of our follow-up process.*

Audit	Assurance and actions		Summary of report and actions
Grant Assurance - Region of Learning New	**Assurance:** Current: Previous: **Actions:** Critical High Medium Low	 Full New Review 0 0 0 0	As part of the Region of Learning project and to release the final instalment of Arts Council funding, a certified income and expenditure statement was prepared by the Service Accountant. The Arts Council required that, where funds were awarded to a Local Authority, the final statement of income & expenditure must be verified by a qualified accountant within the Internal Audit section. We completed a review of the financial records and documentation for the project and reconciled this to the final Income & Expenditure Statement and T1 records. There were a few adjustments required to agree the figures and some immaterial differences identified. These immaterial differences related to an understating of expenditure and therefore we were satisfied that the amounts included in the final statement had been spent as stated in respect of this project.

Audit	Assurance and actions		Summary of report and actions
Housing Rents – Corrections New	**Assurance:** Current: Previous: **Actions:** Critical High Medium Low	Full New Review 0 0 0 0	In late 2023/2024 the Council identified that it had misinterpreted legislation regarding the treatment of housing rents, resulting in overpayment of rents. A project team was convened to manage the situation and legal advice was obtained due to the complexity of the legislation. Once the scale of the error was identified, CCC self-reported to the Housing Regulator and informed them of our approach for resolution. Immediate focus of the project team was on correcting current transactions and ensuring account charges were correct for the 2024/2025 financial year before assessing the volume and value of overpaid rents by current/previous tenants. We reviewed housing refund data to provide assurance that these assessments had been calculated correctly. Our review established: • The Council has taken pro-active steps to identify and quantify the impact of making refunds regarding tenancies. • A number of validation and assurance check processes have been introduced. There are robust processes for the checking of refund values and identifying the recipients of any refunds due thereby reducing the risk of error or fraud. We have provided full assurance over the calculations to establish the scale of rent miscalculation and there are no recommendations raised within this report. Due to the scale and complexity of this project. Internal Audit will continue to work with the project team during the delivery phase.

Audit	Assurance and actions		Summary of report and actions
Safeguarding – Modern Slavery New	**Assurance:** Current: Previous: **Actions:** Critical High Medium Low	Full New Review 0 0 0 0	The Council has an important role to play in tackling modern slavery. Changes in legislation require public sector organisations to publish their modern slavery statement on the Government's online registry. We reviewed the Council's arrangements for tackling Modern Slavery against the four key areas published within the Local Government Association (LGA) guidance "Council guide to Modern Slavery". The Council have demonstrated a range of activities have taken place within all 4 themes of council activity – identifying and referring victims; supporting victims; disruption and prevention; and mitigating the risk of modern slavery in council supply chains. The Council have been proactive in tackling modern slavery. Examples include good partnership working across council services and with multiple partner agencies which helps to raise safeguarding concerns. The Council published their 2023-24 Modern Slavery Statement in advance of legislation becoming mandatory. We have provided Full assurance that the Council have adequate arrangements in place for tackling Modern Slavery.
Contaminated Land Follow Up	**Assurance:** Current: Previous: **Actions:** Critical High Medium Low	Reasonable Limited 0 0 0 0	We followed up the management agreed actions from our previous review. All six of the high category management agreed actions from the original report have been completed. Given the low frequency use of the Contaminated Land Protocol, the next update will take place after it is next used, to apply any relevant learning from its application.

Audit	Assurance and actions		Summary of report and actions
National Fraud Initiative – Data Quality	**Assurance:**		We have recently processed 93,037 records for the National Fraud Initiative (NFI) exercise, which was submitted in advance of the deadline of 25th October 2024. This activity provides us with an opportunity to health check information governance across multiple teams to provide assurance.
	Current:	Full	
	Previous:	Full	Poor quality data can undermine the whole exercise. Consequently, the Cabinet Office have introduced penalty fees for any late or inaccurate data submissions, and this could result in reputational risk for the Council.
	Actions:		
	Critical	0	Overall, our review of the data confirmed that datasets:
	High	0	• complied with the NFI data specifications; and
	Medium	0	• were generally of a good quality and improved from the exercise undertaken in 2022/2023.
	Low	0	
			While not critical, there is an opportunity to improve the quality of data held in the systems by establishing some standards with: National Insurance Numbers (NINO); date of birth (DOB); Unique property Reference Numbers (UPRNs); and consistent storage of address fields data. This could help the Council to make smarter use of its information assets, should it identify opportunities to link datasets in the future to improve internal processes and the customer experience. We have communicated this back to stakeholders and data owners.

Our work in progress and forward plan

Below is a table of our indicative forward plan for the next six months. Some reviews are in progress, and we have also provided an update on their status:

Audit	Assurance type	Progress update	Scope and description
Corporate Plan Objectives			
HRA – Safety – Damp and Mould	Compliance	Testing is in progress.	Legislation, such as the Social Housing (Regulation) Bill, has been developing since the Social Housing White Paper in 2020. The new Social Housing (Regulation) Bill has two very notable focus areas: fundamental reform to the remit and powers of the Regulator for Social Housing (RSH) – from reactive to proactive regulation; and a focus on Health and Safety matters including tenant empowerment. Local Authority Registered Providers (LARPs) are now accountable to the Regulator of Social Housing (RSH). We have agreed a testing programme to help the Council respond to the changes. Resource is allocated for other assurance areas (e.g. Gas / Electricity / Water / Lift Safety as part of our risk-based programme. For each review we will provide assurance that the Council has appropriate governance framework for the monitoring and reporting of housing safety compliance.
HRA - Tenant Satisfaction Measures - Data Quality	Data quality and analytics	Testing is in progress.	We will quality assure Housing data before it is submitted to the Regulator and follow-up actions from our previous review. This is the second year of submission and review.
Bank reconciliation - Recurring Payments	Counter Fraud & Error	Testing is in progress.	Review of internal controls and sample of bank transactions to validate that recurring payments are legitimate and not fraudulent.

Audit	Assurance type	Progress update	Scope and description
Grant assurance - Homes for Ukraine	Grant assurance	Testing is in progress.	This is a follow-up review. Sample testing of payments to provide assurance that effective internal controls are in operation throughout the payment allocation process.
Grant distribution - Community and partnerships	Grant assurance	This work is scheduled for later in the year.	Review of the processes for funding external (particularly community & voluntary sector) bodies. A new system with updated internal controls is being implemented and we will provide assurance that they are effective and appropriate and advise on mitigation of counter fraud risks.
Procurement - Declarations of Interest	Data quality and analytics	This work is scheduled for later in the year.	Review of controls for managing pecuniary and non-pecuniary interests. Supplemented by National Fraud Initiative testing.
Taxi Licensing - NR3S Implementation	Heartbeat assurance	This work is scheduled for later in the year.	This is a follow-up review. We will validate that the Council has adapted its policy and procedures to reflect the recent mandatory safety requirements set out in the Taxi and Private Hire (Safety and Road Safety) vehicle Act 2022.
Counter Fraud - Whistleblowing	Policy and procedures	This work is scheduled for later in the year.	Programmed review of the internal framework to best practice guidance to inform policy revision and promotion.
Counter Fraud - Failure to prevent	Policy and procedures	This work is scheduled for later in the year.	The Economic Crime & Transparency Act introduces a new "Failure to prevent fraud" offense. We will undertake a review of internal controls that provide the Council with a reasonable defense to the new offense and promote the latest best practice guidance in the organisation.

Audit	Assurance type	Progress update	Scope and description
Business Transformation - Project Management Framework	Governance	This work is scheduled for later in the year.	Review the framework and governance arrangements for managing projects, plus review of the new enterprise portfolio management system.
Scheme of delegation	Governance	This work is in progress.	The Council has just undergone a significant governance review. We will work with the Councils project team to review the new Scheme of Delegation and identify opportunities for improvement in the framework.
VAT	Compliance	This work is in progress.	Financial controls review, supplemented by National Fraud Initiative testing
Core Assurance Work			
Carbon management - Data Quality	Data quality and analytics	This work is scheduled for later in the year.	Resource allocated to quality assure carbon data management and delivery of key environmental projects.
Risk Management Strategy	Embedded assurance	This work is in progress	Review of the risk management performance to provide assurance that the framework is embedded within the Council.
Information Governance - GDPR	Governance	This work is in progress.	Compliance check on a selection of thematic areas and assurance from participation of the corporate Information Governance Group.
Grant assurance - Disabled Facility Grant	Grant assurance	This work is scheduled for later in the year.	Certification of the annual grant payment from the Better Care Fund allocated to District Councils via the County Council. Review of a sample of payments made in respect of disabled facilities.

7   Counter fraud and corruption update

National Fraud Initiative

7.1   The Council participates in a national data matching service known as the National Fraud Initiative (NFI), which is run by the Cabinet Office. Data is extracted from Council systems for processing and matching. It flags up inconsistencies in data that may indicate fraud and error, helping councils to complete proactive investigation. Historically this process has not identified significant fraud and error at the Council, and this provides assurance that internal controls continue to operate effectively.

7.2   Internal Audit is the Key Contact for the National Fraud Initiative exercise. We provide data from: Trade Creditors, Housing, Council Tax, Benefits, Market Traders, Electoral roll, plus our Payroll and Pensions. This happens at least every two years, with the Council Tax and Electoral roll data submitted annually. We completed the data extract for the October 2024 exercise. This included reviewing 93,037 records across the datasets (see audit report above) and this provided assurance that data quality on our key systems has improved in comparison to the previous submissions.

7.3   The Cabinet Office process the data and issue matches on their system. We work with colleagues in the Fraud Team to review the results. These are records which have matched to other datasets and could identify potential cases of fraud and error (*they could also be "false positives" with a legitimate reason for the match*). For further information on the National Fraud Initiative please visit their [Cabinet Office website](#).

7.4   We also continue to work with colleagues in the Revenues team to implement the Countywide Council Tax Compliance and Counter-Fraud Initiative. Internal Audit quality assures the data prior to upload to the Cabinet Office website. This work supplements the NFI exercise.

Referrals

7.5   We look to ensure that employees and contractors follow the various policies, procedures and Codes of Conduct established to protect the public purse, as well as the integrity of officers. Consequently, we may investigate allegations linked to improper control, fraud, or theft. Matters can be received as a direct request from management or via the whistleblowing route. Under the Council's Whistleblowing Policy, employees are encouraged to report any genuine, serious concerns about any aspect of the Council's work.

7.6   Since our previous report we have processed nine referrals, and six of these were through the Whistleblowing route. This provides assurance that people are aware of their opportunity to refer concerns via the framework. In all cases,

if appropriate, actions were agreed with management to improve controls which could mitigate risks of fraud and error. We are undertaking a planned review of our policy to best practice guidance and will update the Committee.

8   Other audit and assurance activity

<u>Internal Audit Standards</u>

8.1   For the 2024/2025 financial year we operated under the Public Sector Internal Audit Standards. In 2024, the Institute of Internal Auditors (IIA) issued new [Global Internal Audit Standards](). In the UK public sector, these standards are adopted under the authority of the Relevant Internal Audit Standard Setters (RIASS), which includes the Chartered Institute of Public Finance and Accountancy (CIPFA) for UK Local Government.

8.2   RIASS determines the applicable standards across their respective sectors. To support the implementation, CIPFA has published the Application Note: Global Internal Audit Standards in the UK Public Sector, which outlines the specific requirements we must follow. Additionally, CIPFA has introduced a new Code of Practice for the Governance of Internal Audit in UK Local Government, designed to help authorities establish and maintain effective internal audit arrangements in line with statutory regulations.

8.3   The new standards will take effect from the 2025/2026 financial year. While full compliance is not immediately required, we have conducted an internal assessment to identify areas where our processes need to evolve to meet the new requirements.

8.4   Internal Audit Standards require that we develop and maintains a quality assurance and improvement programme covering all aspects of Internal Audit. External assessments are conducted at least once every five years by a qualified, independent assessor. In 2018 CIPFA independently verified that we "**Generally Conform**" with the existing Public Sector Internal Audit Standards (PSIAS) and the accompanying Local Government Application Note (LGAN). This provides a good foundation for adapting to the new standards, and we are preparing for an external review. Once we have gathered sufficient evidence to demonstrate compliance with the new standards, we will undergo an external assessment to validate our adherence. We also remain actively engaged in professional networks and will continue to review and adopt emerging best practices to enhance our local procedures.

8.5   Our annual internal assessment confirms continued compliance with PSIAS standards and prepared for the new standards with action plan for improvement. We remain responsive to professional guidance and adapt our assurance approach to maintain best practice which now include the Application Note: Global Internal Audit Standards in the UK Public Sector.

8.6 The team continues to invest in professional development, with a current focus on enhancing data analytics capabilities and embedding Root Cause Analysis into our audit methodology.

8.7 Implementing the new standards requires updates to our policies, procedures and work tools. Whilst the majority of this can happen in the back-office system, the Civic Affairs and Audit Committee will also have a role. For example, the Committee will need to review and approve our revised Internal Audit Charter.

Governance

8.8 We have continued to facilitate the review of the Annual Governance Statement (AGS), and the Local Code of Governance, which accompanies the Statement of Accounts. This involves working with the Leadership Team, and corporate managers to map and review our assurance framework. Our annual internal audit opinion is included in the AGS as a source of assurance.

8.9 The AGS for 2022/2023 and 2023/2024 was recently finalised and approved, and we are up to date with the latest statutory deadlines set by Central Government. The AGS is published on our website: https://www.cambridge.gov.uk/statement-of-accounts. The 2024/2025 AGS is a current work in progress.

Risk and action management

8.10 We continue to support the identification and documentation of risks and controls within both the corporate and project risk registers.

8.11 Each quarter, we track the volume of risks reviewed and updated. Combined with our engagement with managers, this provides assurance that risk management is well embedded across the Council.

8.12 Ongoing improvements to risk management are planned. The strategic risk register will be reviewed in light of recent transformational changes. As our risk-based audit plan if informed by the strategic register, this review will support a broader refresh of our strategic audit planning later in the year.

9 Conclusion

9.1 The work delivered by the Internal Audit Team during the 2024/2025 financial year was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS).

9.2 From 2025/2026 onwards, we are aligning our work with the new Global Internal Audit Standards for the UK Public Sector. Full conformance will be achieved

progressively as the new standards are embedded throughout the 2025/2026 financial year.

9.3 A continuous risk-based audit plan has been delivered, providing assurance across key areas. In addition to core audit work, the team has contributed through value-added consulting activities, including advisory support and fraud and error prevention.

9.4 The audit work completed during the year has provided sufficient coverage to support an informed opinion on the Council's internal control environment, governance, and risk management arrangements. There is Reasonable assurance awarded during the year, and this remains at a similar level to the previous period

Appendix B – Glossary of terms

Assurance ratings

Internal Audit provides management and Members with a statement of assurance on each area audited. This is also used by the Head of Shared Internal Audit to form an overall opinion on the control environment operating across the Council, including risk management, control and governance, and this informs the Annual Governance Statement (AGS).

Term	Description
Full Assurance	Controls are in place to ensure the achievement of service objectives and good corporate governance, and to protect the Authority against significant foreseeable risks.
Reasonable Assurance	Controls exist to enable the achievement of service objectives and good corporate governance, and mitigate against significant foreseeable risks. However, occasional instances of failure to comply with control process were identified and/or opportunities still exist to mitigate further against potential risks.
Limited Assurance	Controls are in place and to varying degrees are complied with, however, there are gaps in the process which leave the service exposed to risks. Therefore, there is a need to introduce additional controls and/or improve compliance with existing ones, to reduce the risk exposure.
No Assurance	Controls are considered to be 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 Authority exposed to significant risk, which could lead to major financial loss, embarrassment, or failure to achieve key service objectives.

Organisational impact

The overall impact may be reported to help provide some context to the level of residual risk. For example, if no controls have been implemented in a system it would have no assurance, but this may be immaterial to the organisation. Equally a system may be operating effectively and have full assurance, but if a risk materialised it may have a major impact to the organisation.

Term	Description
Major	The risks associated with the system are significant. If the risk materialises it would have a major impact upon the organisation.
Moderate	The risks associated with the system are medium. If the risk materialises it would have a moderate impact upon the organisation.
Minor	The risks associated with the system are low. If the risks materialises it would have a minor impact on the organisation.

Action ratings

As part of the review, we have identified opportunities for improvement, which have been shared with Management. These are developed into actions to improve the effectiveness of the governance, risk management arrangements, and the internal control environment.
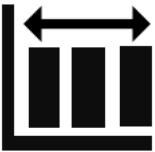
Management are responsible for implementing their actions and providing assurance when they are completed. Timescales for implementing actions should be proportionate and achievable to the available resources. To help prioritise the actions we have produced guidance below:

Priority	Description	Timescale for action	Monitoring
Critical	Extreme control weakness that jeopardises the complete operation of the service.	To be implemented immediately.	Within 1 month
High	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency.	To be implemented as a matter of priority.	Within 6 months
Medium	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority.	To be implemented at the first opportunity.	Within 12 months
Low	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust.	To be implemented as soon as reasonably practical.	Within 24 months

The Council has a Risk Management system, which is used for tracking their progress. This will be updated upon distribution of the report and we will follow up the actions where appropriate. It is the responsibility of Risk Owners and Action Owners to regularly review and update the risk register with details of action taken to mitigate the risks.

Assurance – Direction of Travel

The symbols below indicate the direction of travel when we have concluded a review:

Control status	Symbol	Details and factors
Improvement		Actions have been implemented New controls have been established Risk factors have reduced
Consistent		Controls continue to operate at the same level The risk environment has stayed consistent
Decrease		Controls have reduced, or not been complied with Risks factors have increased, or new risks have emerged
New		This is a new review and we do not have a comparable benchmark.