

CLASIFICATION OF INTERNAL CONTROL LEVELS AND RANKING OF RECOMMENDATIONS

Quantification and Classification of Internal Control Levels

Control Level	Definition
Good	A few minor recommendations (if any).
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial.
Marginal	A number of areas have been identified for improvement.
Unsatisfactory	Unacceptable risks identified; changes should be made.
Unsound	Major risks identified; fundamental improvements are required.

The Audit Opinion is based on several factors including the number of Level 1 and, to a lesser extent, Level 2 recommendations. Weighting is given to different aspects of the Audit, e.g. a high weighting for budgetary control. It is expected that larger systems and establishments will receive higher numbers of recommendations and allowance is made for this.

Ranking of Recommendations

Rank	Definition
1 Critical	ACTION IS REQUIRED URGENTLY OR WITHIN AN AGREED TIMESCALE. Non-compliance will be a high risk to the Council. These recommendations will be shown as Rank 1 (Critical) on the Recommendation Sheet and highlighted under the Opinion paragraph in the Main Report.
1	TIMELY ACTION REQUIRED. Necessary owing to statutory obligation, legal requirement, Authority Policy, or risk of loss or damage.
2	Necessary for sound internal control and confidence in the system to exist – medium risk, should be pursued in the short to medium term, ideally within six months.
Good Practice	Suggestions made that should improve the efficiency or security of the system or establishment. These suggestions will be shown in Appendix 3, not as part of the Recommendation Sheet. They will not be considered when giving an Audit Opinion.