Overall IA Assurance Opinion:

REASONABLE

Recommendation Overview:

High Risk	0
Medium Risk	0
Low Risk	7
Notable Practice	1

Review Sponsor:

Mike Talbot	Corporate Director, Corporate Services & Transformation

Report Distribution:

Audit Committee	All Audit Committee Members (including the Independent Chairman)
Muir Laurie	Deputy Director of Exchequer Services & Business Assurance
Lloyd White	Head of Democratic Services
Mark Braddock	Senior Democratic Services Manager

1. Introduction

1.1 This risk based Internal Audit (IA) assurance review forms part of the 2020/21 Quarter 4 IA Operational Plan, presented to Audit Committee on 4th February 2021. **The purpose of this review is to provide assurance to the Corporate Management Team (CMT) and the Audit Committee over the key risks in relation to the management of The Effectiveness of the Audit Committee:**

- If the scope of work to be performed by the Audit Committee (AC) is not suitably defined in the Terms of Reference; there is an increased risk that it may not encompass all the assurance needs of the Council and the Cabinet, leading to the Audit Committee not performing its role and responsibilities in line with best practice guidelines, resulting in reputational consequences for the Council;

- If the AC members are not suitably independent and objective and do not have a good understanding of the Council's objectives, priorities, risks and strategies, there is a potential risk that biased and ineffective decisions may be made, which are not aligned to the Council's objectives, resulting in financial and reputational consequences for the Council;

- If the Audit Committee does not contain or have at its disposal an appropriate mix of skills or its Members are not adequately trained, there is a risk that Members may not be able to perform their duties effectively and fulfil the requirements of their role, resulting in reputational damage for the Council;

- If the Audit Committee does not effectively support the Council by reviewing and scrutinising the completeness, reliability and integrity of key documentation, there is a risk that the Council may be in breach of their statutory obligations, resulting in reputational damage and financial loss for the Council;

- If the Audit Committee does not engage effectively with financial and performance reporting issues, work of key stakeholders, primarily IA and External Audit; and does not communicate effectively with the Council's CMT, Cabinet and other stakeholders, there is a risk that public money may be lost, resulting in adverse public reaction and reputational loss for the Council;

- If the Audit Committee does not engage effectively with financial and performance reporting issues, work of key stakeholders, primarily IA and External Audit; and does not communicate effectively with the Council's CMT, Cabinet and other stakeholders, there is a risk that public money may be lost, resulting in adverse public reaction and reputational loss for the Council; and

- If the Audit Committee's reputational image amongst other local authorities' audit committees is considered weak and ineffective in its role, scrutiny, and decision making, there is a risk of further adverse effects on the Council, resulting in reputational damage for the Council.

1.2 This report is produced on an exception basis, highlighting the key aspects from the IA assurance review to management. Further detailed findings are available upon specific request.

2. Background

2.1 An effective and independent Audit Committee is a key component of the Council's corporate governance and risk management framework. The purpose of an audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

2.2   The Audit Committee plays a key role in assisting the Council's Cabinet to fulfil its oversight responsibilities in areas such financial reporting, internal control systems, risk management systems and the internal and external audit functions.

2.3   CIPFA best practice guidance states that in order for the Audit Committee to be fully effective, and therefore able to provide meaningful advice to the Council, its Members need to be independent, diligent, knowledgeable, and receive relevant, timely and reliable information. This guidance also indicates that Audit Committee Members must be in a position to challenge Directors and the Cabinet and draw attention to any governance weaknesses.

2.4   Best practice guidance also states the Audit Committee should have clear reporting lines and unrestricted rights of access to other Council committees and senior managers (as required). In addition, the Audit Committee will have sufficient administrative support and access to all relevant and timely information.

3. Executive Summary

3.1   Overall, the IA opinion is that we are able to give **REASONABLE** assurance over the key risks to the achievement of objectives for The Effectiveness of the Audit Committee. Definitions of the IA assurance levels and IA risk ratings are included at **Appendix D**.

3.2   During testing we found the Audit Committee (AC) to be appropriately positioned as a sub-committee of Council. A review of AC membership identified that the Vice-Chairman is also an Ex-Officio member of Cabinet. Although this does not confer them the same voting rights as other members of Cabinet, there is potential for the independence of AC to be impaired. This could be addressed by introducing co-opted, independent members to the Committee, in line with best practice. A benchmarking exercise conducted against 10 other local authority ACs identified 4 which had co-opted members as part of their membership.

3.3   The Public Sector Internal Audit Standards (PSIAS) state that the Head of Internal Audit (HoIA) must report functionally to AC, which can include hiring and removal from the position in addition to regular evaluation of performance. Whilst discussion with officers identified that feedback is sought from AC as part of the periodic review of HoIA performance, these arrangements are not enshrined within the AC ToR, which is not compliant with best practice.

3.4   The Committee's ToR states that it is a function of AC to review and approve (but not direct) the Internal Audit and Counter Fraud Strategies, with strategic decisions being reserved for Cabinet. Whilst this was found to be in line with the Council's Constitution, it does not demonstrate AC's role as a sub-committee of Council and, therefore, independent of the executive in discharging the Council's governance responsibilities.

3.5   The AC is required to submit an annual report to Council to report its activities and attendance throughout the year. Review of Forward Programmes for the 2020/21 year identified that formulation and review of the annual report for 2019/20 had been scheduled to take place but had not been carried out. It was identified that this was due to meetings being cancelled during the difficulties and restrictions brought on by the Covid-19 pandemic.

3.6   Through discussions with officers and AC members, we found that the practice of requiring accountable senior managers and Heads of Service to attend AC meetings could be explored. This would enable the Committee to hold officers to account for their service's management of risks, although it should be used as a last resort measure when scrutinising the management of any risks.

3.7   It was found that the Council email account for the independent Chairman of AC had not been functioning following the migration from Google to Microsoft. As a result, the Chairman had reported the issue and had been required to use their personal email address for AC correspondence. The Chairman had reported the issue to the Council's ICT service and it had subsequently been rectified.

3.8   Benchmarking against the ACs of 10 other councils identified that Hillingdon was the only Council which considers the Corporate Risk Register as a Part 2 agenda item at each meeting. The Corporate Risk Register and risk management updates of the 10 other ACs was easily obtainable as they had been published as Part 1 items, either with confidential information redacted or as the full, original version.

3.9   Testing identified that a member of AC had been absent from 2/2 meetings since their incumbency. A substitute did not attend in their place for 1/2 absences, which could lead to meetings being inquorate if non-attendance is more widespread or continuing.

3.10   Benchmarking conducted against the ACs of 2 other councils found more questions to have been asked at those 2 other councils' AC meetings. Although this does not directly indicate that more training might be required due to a lack of expertise, a discussion with AC members found that more training and development opportunities was a common and welcome suggestion. A skills matrix has been created and presentations are being planned to give an overview of each area within AC's remit, although more regular, targeted training could be explored further.

3.11   The detailed findings and conclusions of our testing which underpin the above IA opinion have been discussed at the exit meeting with the Chairman of the Audit Committee, Deputy Director of Exchequer Services & Business Assurance, Head of Democratic Services and Senior Democratic Services Manager and are available to management upon specific request. The key findings and IA recommendations raised in respect of the risk and control issues identified are set out in the Management Action Plan included at **Appendix A**. Good practice suggestions and notable practices are set out in **Appendix B** of the report. Results of benchmarking and analyses are set out in **Appendix C**.

4. Acknowledgement

4.1   Business Assurance would like to formally thank all of the officers contacted during the course of this review for their co-operation and assistance. In particular the Senior Democratic Services Manager, whose advice and help were gratefully appreciated.

5. Business Assurance Contact Details

This audit was led by: Nick Cutbill CIA
                                Principal Internal Auditor

Audit support was provided by: Jack Francis-Kent
                                Internal Auditor

This audit was reviewed by: Jenia Islentsyeva FCCA, CISA
                                Internal Audit Manager

Thank you,

Sarah Hydrie CMIIA, CIA
Head of Internal Audit & Risk Assurance

Management Action Plan

No.	Key Finding
No **HIGH** or **MEDIUM** risk recommendations have been raised in this report.	

Please refer to **Appendix D for Risk definitions.*

Good Practice Suggestions & Notable Practices Identified

No.	Key Finding	Observation / Suggestion	Risk / Rationale	Risk Rating*
1	The Vice-Chairman of AC holds the position of Chief Whip of the leading political party and is therefore an Ex-Officio Member of the Cabinet. The previous Majority Chief Whip had also been a long-serving Member on both Cabinet and AC simultaneously. The CIPFA best practice guidance document, Audit Committees – Practical Guidance for Local Authorities and Police (2018), discourages having executive Members on the Audit Committee *"as it could deter the committee from being able to challenge or hold to account the executive on governance, risk and control matters"* (p.40). Further enquiries found that the Chief Whip role does not have any executive powers and does not vote or speak at Cabinet meetings. As such, there is a low risk that they may be seen to not be independent of Cabinet. The CIPFA guidance also identified that the co-option of independent members is beneficial to audit committees to bring external views and a new approach to committee discussions. Benchmarking found that 4/10 councils had independent, co-opted members as part of their ACs.	Consideration should be given to: a) Regularly reviewing the membership of Audit Committee to ensure that its independence is preserved and best practice is upheld; and b) Co-opting independent members to diversify the Committee's expertise.	*If Audit Committee membership is not regularly reviewed and does not include independent members, there is a risk that the Committee will not be completely independent of Cabinet and the Committee's expertise will not be sufficiently maintained, leading to a lack of scrutiny over the Council's governance, risk and internal control arrangements, resulting in operational and reputational consequences for the Council.*	**LOW** ●

Good Practice Suggestions & Notable Practices Identified

No.	Key Finding	Observation / Suggestion	Risk / Rationale	Risk Rating*
2 ●	Testing found that: • The functional reporting relationship between the Head of Internal Audit (HoIA) and AC is not defined within the Committee's Terms of Reference (ToR), specifically in relation to the appointment, removal and performance appraisal of the HoIA. This is not in line with CIPFA best practice guidance; and • The Committee's ToR states that it is a function of AC to review and approve (but not direct) the Internal Audit and Counter Fraud Strategy, whilst strategy decisions are reserved for Cabinet. This is in line with the Council's Constitution, but does not demonstrate AC's role as a sub-committee of Council and, therefore, independent of the executive. Although testing did not identify any specific circumstances where the points above have resulted in the independence of AC or Internal Audit having been compromised, there is potential for such circumstances to arise in the future.	Management should consider reviewing Audit Committee's Terms of Reference to ensure that the independence of Audit Committee and Internal Audit is preserved.	*If the Audit Committee Terms of Reference is not regularly reviewed and updated in line with best practice, there is a risk that the Committee may fail to adequately define reporting relationships and functions, leading to a failure to adhere to the Public Sector Internal Audit Standards and to promote the Committee's independence as a sub-committee of Council, resulting in operational and reputational consequences for the Council.*	**LOW** ●

Good Practice Suggestions & Notable Practices Identified

No.	Key Finding	Observation / Suggestion	Risk / Rationale	Risk Rating*
3	The Audit Committee ToR highlight the requirement for the submission of an annual report to Council on the activity of the Audit Committee, which was also reflected on the Committee Forward Programme in the early part of the 2020/21. Testing found that the 2019/20 annual report was not completed, due to the difficulties presented by the Covid-19 pandemic restrictions and cancellation of a Committee meeting.	Management should ensure that an annual report is produced to summarise to Council the activity of the Audit Committee.	*If the Audit Committee's activities are not reviewed on an annual basis, there is a risk that the independence and effectiveness of the Committee may become impaired, leading to poor oversight and resulting in reputational damage to the Council.*	**LOW** ●
4	Discussion with Audit Committee Members identified that it would support Audit Committee's oversight of risk, governance and internal control arrangements by being able to speak directly with accountable senior managers and Heads of Service.	Management should review arrangements for being able to request senior managers and heads of service to attend Audit Committee meetings to provide oversight of their service's work in managing identified risks and implementing internal audit recommendations.	*If Audit Committee does not have sufficient oversight of the work of Council officers in managing risk, governance and internal control, risks may fail to be managed effectively, resulting in financial, operational and reputational consequences for the Council.*	**LOW** ●
5	Benchmarking against the Audit Committees of 10 other local authorities identified that Hillingdon was the only Council which considers the Corporate Risk Register as a Part 2 agenda item for each meeting. The Corporate Risk Register and risk management updates of the 10 other local authorities' Audit Committees was readily obtainable as they had been published as Part 1 items.	Management should consider including risk management updates as a Part 1 agenda for Audit Committee meetings, in line with other local authorities. Alternatively, consideration should be given to publishing redacted versions of the risk management updates to promote transparency whilst protecting the Council's business interests.	*If the Council does not publish its risk management updates openly as a Part 1 agenda item, there is a risk that the transparency of the Council's business is not promoted, leading to potential public distrust and negative media attention, resulting in reputational consequences for the Council.*	**LOW** ●

Good Practice Suggestions & Notable Practices Identified

No.	Key Finding	Observation / Suggestion	Risk / Rationale	Risk Rating*
6	Review of meeting attendance of current Audit Committee (AC) Members found that 1 Member had been absent from 2/2 meetings since their incumbency. A substitute did not attend in their place in 1/2 absences.	Management should consider reviewing and challenging the attendance of Committee Members on a regular basis, ensuring that adequate substitute arrangements are always in place.	*If AC Members do not regularly attend meetings or fail to provide substitute arrangements in their absence, there is a risk that the Committee will not be quorate, leading to a lack of oversight of the governance, risk and internal control arrangements, resulting in reputational, strategic and operational consequences for the Council.*	**LOW** ●
7	Discussions with Audit Committee (AC) Members identified potential gaps in training. A review of questions asked at the last 3 AC meetings found that out of 53 questions: • 7 related to the accounts; • 8 related to External Audit work; • 12 related to Counter Fraud work; and • 26 related to Internal Audit work. Benchmarking against the meetings of 2 other Council AC's also found that there was an average of 18 questions asked at Hillingdon's AC, compared to 27 and 33 questions asked at the other 2 Councils' meetings. This gap in questioning could indicate the need for further, specific training in each area of the AC's remit. A skills matrix has, been formulated to highlight any gaps in knowledge of the Committee's remit and training is being explored.	Management should consider providing Audit Committee Members with regular, specific training on all areas of the Committee's remit, as well as resource packs or reference sheets for further learning and development. Management should also consider arrangements for a pre-meeting of Audit Committee Members at each meeting, so that questions can be prepared and directed appropriately during the meeting.	*If the Audit Committee Members do not have appropriate knowledge, skills or experience, there is a risk that the audit committee cannot effectively exercise their scrutiny functions, leading to a lack of questioning and sufficient oversight of the Council's governance, risk and internal control arrangements, resulting in strategic and operational consequences for the Council.*	**LOW** ●

Good Practice Suggestions & Notable Practices Identified

No.	Key Finding	Observation / Suggestion	Risk / Rationale	Risk Rating*
8	A benchmarking exercise identified that the LBH's Audit Committee was the only Committee out of a sample of 11 local authorities that has an Independent Chairman.	A strong and suitably experienced and skilled independent Chairman is one of the characteristics of a good Audit Committee.	*The activity reflects current good practice or is an innovative response to the management of risk which has been shared with others.*	**NOTABLE PRACTICE** ●

*Please refer to **Appendix D** for Risk definitions.*

RESULTS OF AUDIT COMMITTEE BENCHMARKING

1. Audit Committee Attendance and Membership

1.1   Table 1 shows the attendance rates for all current members of the Audit Committee (AC), including the attendance of the Chairman. It includes all meetings where a Member was required to attend and covers a period of 9 meetings, from 6th February 2019 to present.

Table 1 – Average Attendance for Members of the Audit Committee

Committee Member	Role	Political Party	Avg. AC Attendance (%)	Number of Meetings Attended
John Chesshire	Independent Chairman	N/A	100	9/9
Cllr Duncan Flynn	Vice-Chairman	Conservative	80	4/5
Cllr Raymond Graham	Member	Conservative	100	2/2
Cllr Richard Mills	Member	Conservative	0	0/2
Cllr Tony Eginton	Member	Labour	89	8/9

1.2   Table 2 shows overall absence and attendance rates for AC meetings during each financial year, from 1st April 2018 to present.

Table 2 – Absence and Attendance Rates for All Members of the Audit Committee

Financial Year	Meetings During Period	Absences During Period	Absence Rate (%)	Attendance Rate (%)	Attendance Rate Without Chairman (%)
2021/22	1	1	20	80	75
2020/21	3	2	13.33	86.67	83.33
2019/20	4	3	15	85	81
2018/19	5	3	12	88	85

1.3   Charts 1-3 compare membership of the Council's AC to that of 10 other local authority ACs. Note that in Chart 1, Hillingdon is the only Council to have an Independent Chairman.

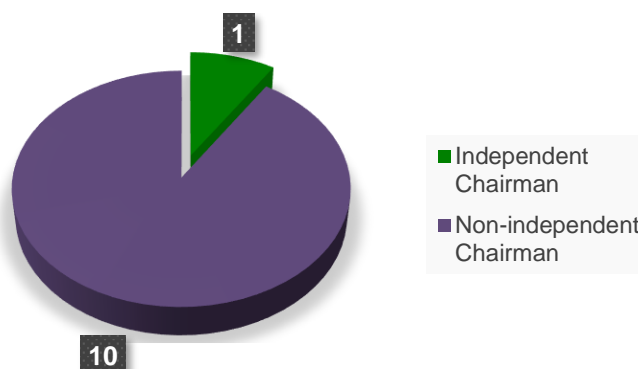**Chart 1 – Number of Audit Committees with an Independent Chairman**

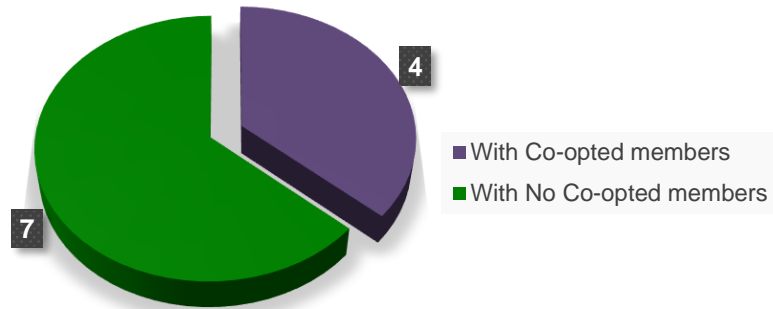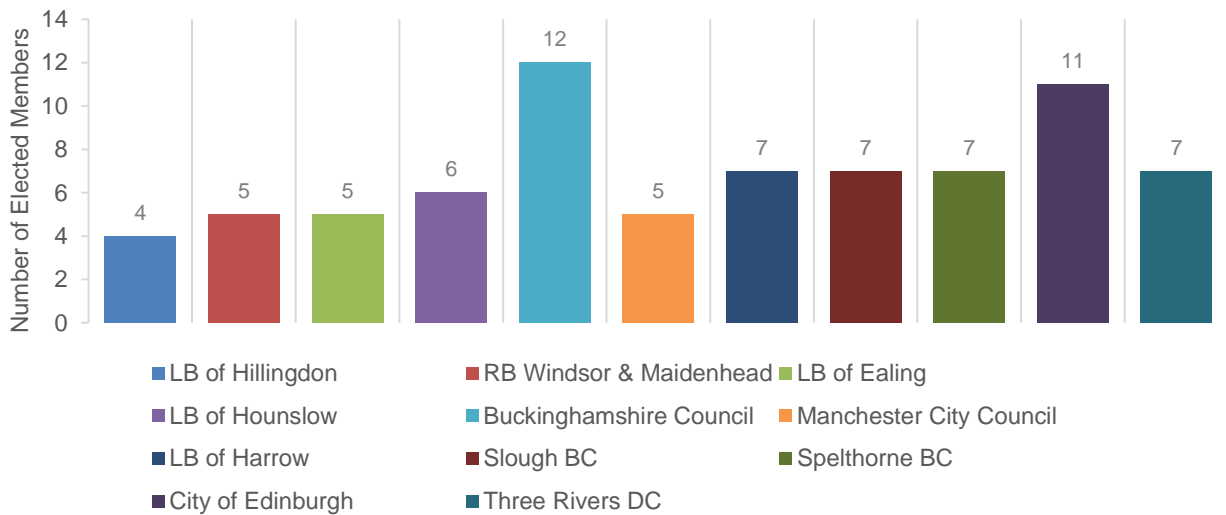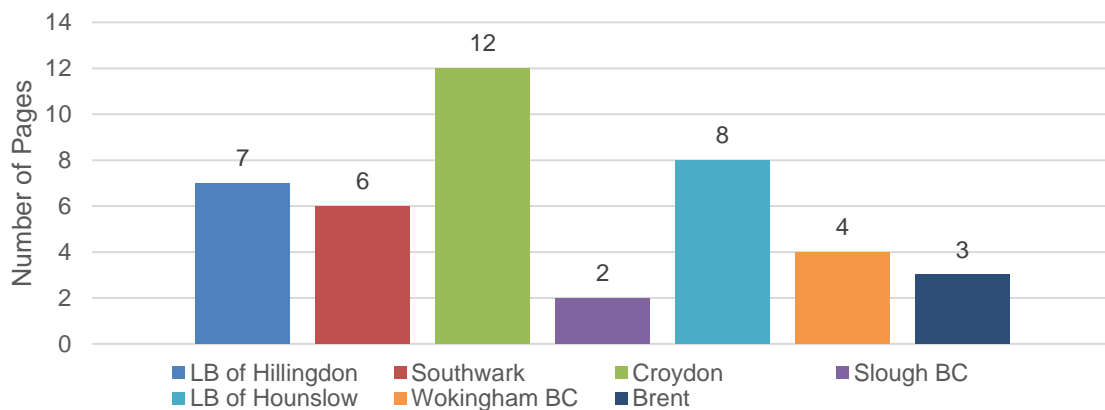## Chart 2 – Number of Audit Committees with Co-opted Members

- With Co-opted members
- With No Co-opted members

Chart 3 – Number of Elected Members Serving on Audit Committees

- LB of Hillingdon
- RB Windsor & Maidenhead
- LB of Ealing
- LB of Hounslow
- Buckinghamshire Council
- Manchester City Council
- LB of Harrow
- Slough BC
- Spelthorne BC
- City of Edinburgh
- Three Rivers DC

2. Annual Report of the Audit Committee

2.1   Our benchmarking included review of a sample of ACs from 7 councils, including Hillingdon, to identify how each produces their annual report to Council. We identified that the Chairman of AC produced the annual report in 3/7 councils, including at Hillingdon. The remaining 4 were presented by officers on behalf of the Committee. A review of the content of annual reports identified that Hillingdon's was slightly above the average of 6 pages, at 7 pages long. Chart 4 shows the difference in annual report lengths across the sample.

Chart 4 – Length of Audit Committee Annual Reports to Council

- LB of Hillingdon
- Southwark
- Croydon
- Slough BC
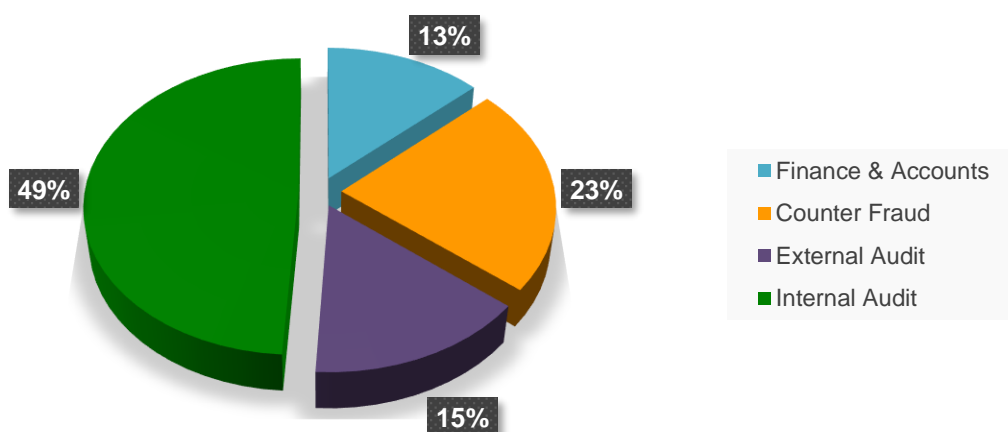- LB of Hounslow
- Wokingham BC
- Brent

3. Distribution of Questions at Audit Committee

3.1   Part of our benchmarking involved assessing the number and types of questions asked at the Council's last 3 AC meetings and comparing these to questions asked at AC meetings of 2 other councils, LB of Hounslow and Manchester City Council. Tables 3-5 and Charts 5-7 contain summary information on the number of questions asked at each AC meeting.

Table 3 – Number and Type of Questions Asked at LBH AC Meetings

Meeting Date	Finance & Accounts	Counter Fraud	External Audit	Internal Audit	Total Questions	Meeting Length (Mins)	Avg. Questions Per Min
1st Oct 2020	3	4	0	11	18	64	0.28
24th Nov 2020	3	4	4	3	14	73	0.19
4th Feb 2021	1	4	4	12	21	64	0.33
Total	7	12	8	26	53	201	N/A

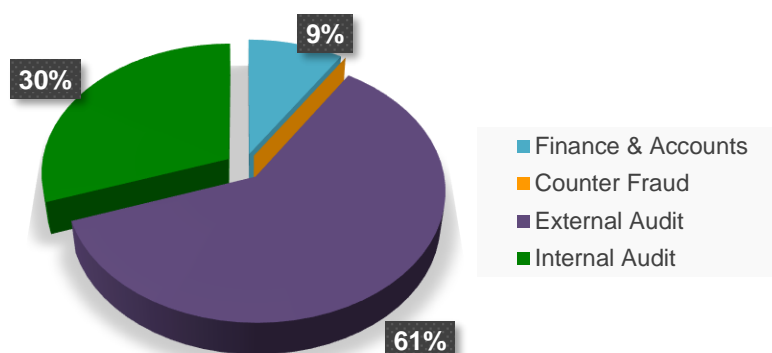**Chart 5 – Distribution of Questions at LBH AC Meetings**

Note: Risk Management updates are considered as a Part 2 agenda item and, therefore, records of questions asked could not be obtained

Table 4 – Number and Type of Questions Asked at LB of Hounslow AC Meeting

Meeting Date	Finance & Accounts	Counter Fraud	External Audit	Internal Audit	Total Questions	Meeting Length (Mins)	Avg. Questions Per Min
11th Jan 2021	3	0	20	10	33	90	0.37

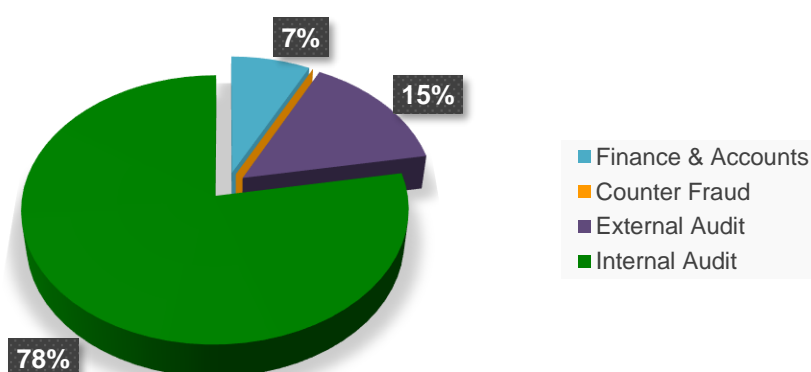## Chart 6 – Distribution of Questions at LB of Hounslow AC Meeting

Note: Counter Fraud updates are not provided as part of AC meetings at LB Hounslow

Table 5 – Number and Type of Questions Asked at Manchester City Council AC Meeting

Meeting Date	Finance & Accounts	Counter Fraud	External Audit	Internal Audit	Total Questions	Meeting Length (Min)	Avg. Questions Per Min
16th Mar 2021	2	0	4	21	27	79	0.34

Chart 7 – Distribution of Questions at Manchester City Council AC Meeting

Note: Counter Fraud updates are not provided as part of Audit Committee meetings at Manchester City Council.

3.2   Table 6 shows some statistics on the time utilisation and questions asked at the council's AC meeting compared to those of LB of Hounslow and Manchester City Council. Review of the AC meetings at these Councils also identified that members asked more probing questions than at Hillingdon's AC meetings.

Table 6 – Average Questions Asked and Time Utilisation at AC Meetings

Area Reviewed	LB Hillingdon	LB Hounslow	Manchester City Council
Avg. No. of Questions at AC Meetings	17.67	33	27
Time Utilisation (Avg. No. of Questions Per Min)	0.27	0.37	0.34

4. Length of Service

4.1   This area of benchmarking looked at a total of 12 councils, including LBH and compared the length of service of the 4 longest-serving members from each council's AC between April 2011 and March 2021. Charts 8 and 9, show the average length of service across the 12 councils and compares Hillingdon's average to that of the other 11 councils collectively.

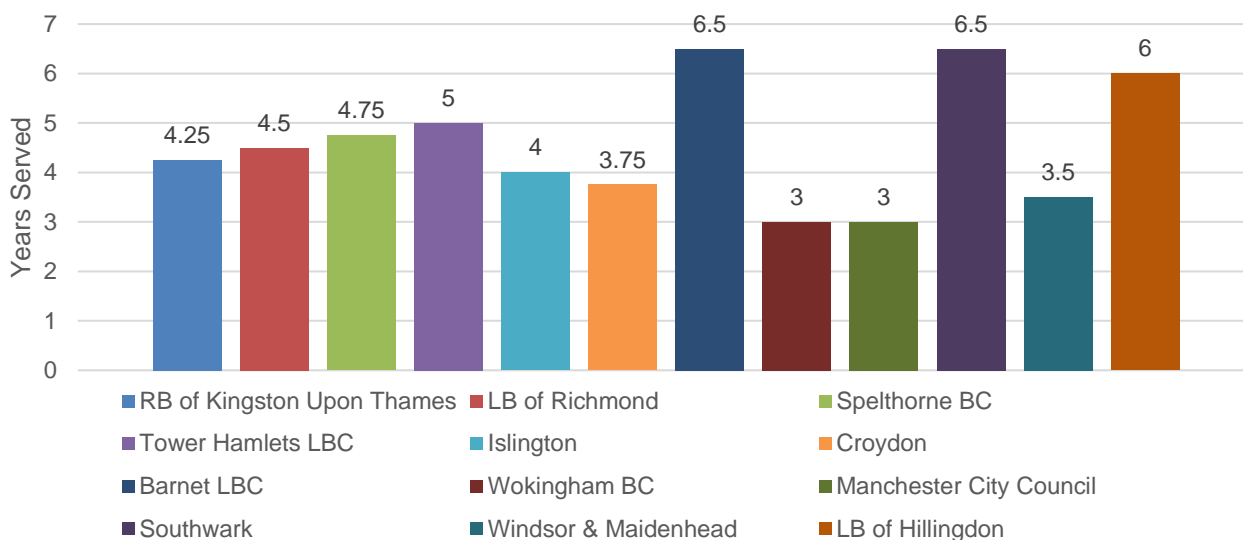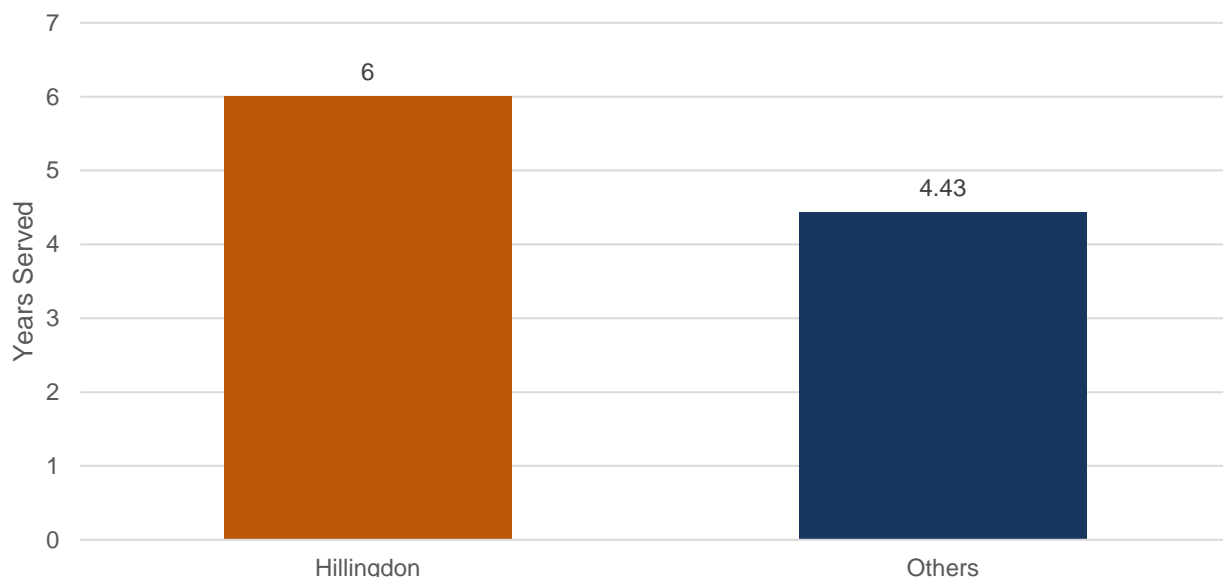### Chart 8 – Average Length of Service for 4 Longest-Serving AC Members

Chart 9 – Average Length of Service – Hillingdon vs Others

4.2   Charts 10 and 11, below, show the average number of AC meetings attended by the 4 longest-serving AC members between April 2011 to March 2021.

Chart 10 – Average Number of Meetings Attended by 4 Longest-Serving AC Members
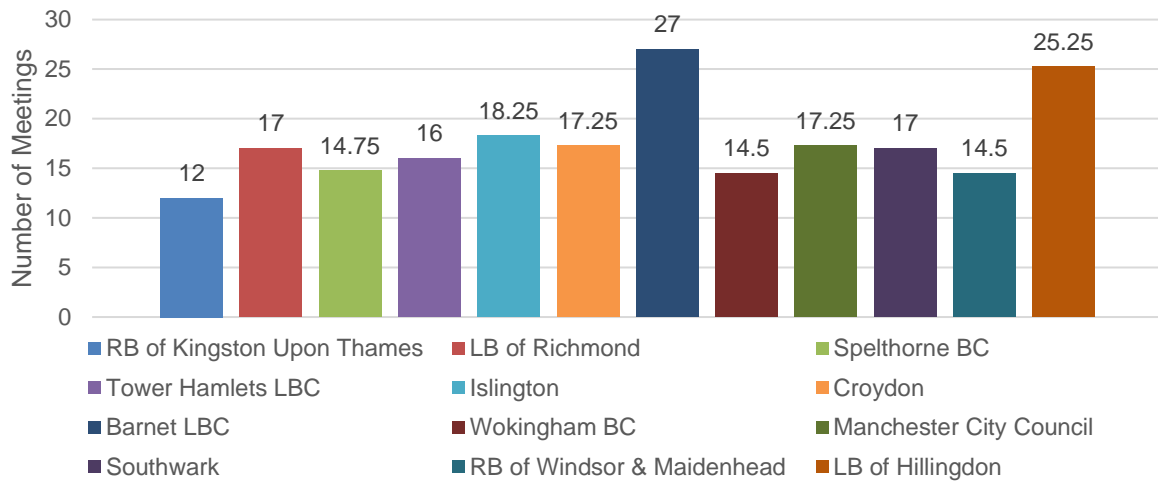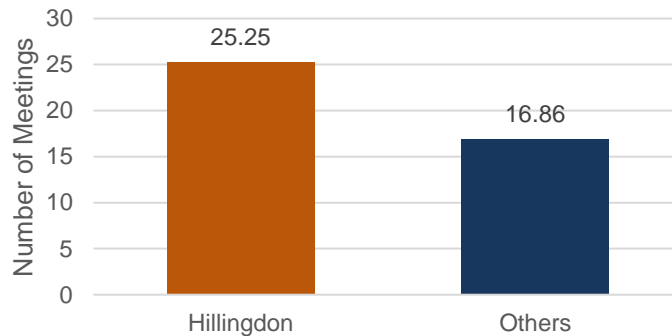

Chart 11 – Average Number of Meetings Attended – Hillingdon vs Others

5. Report Benchmarking

5.1   We assessed the length and content of different reports presented at AC. Our sample included 13 councils' ACs, including LBH's. Charts 12 and 13, compare the length and use of graphics within each of these reports presented at LBH's AC versus other councils.

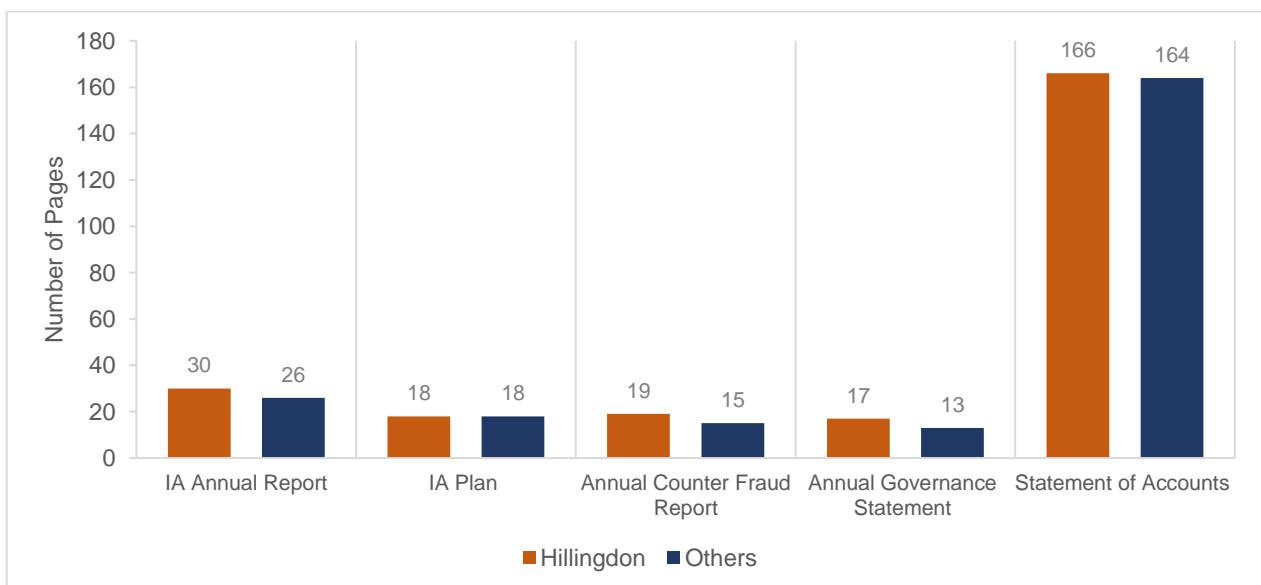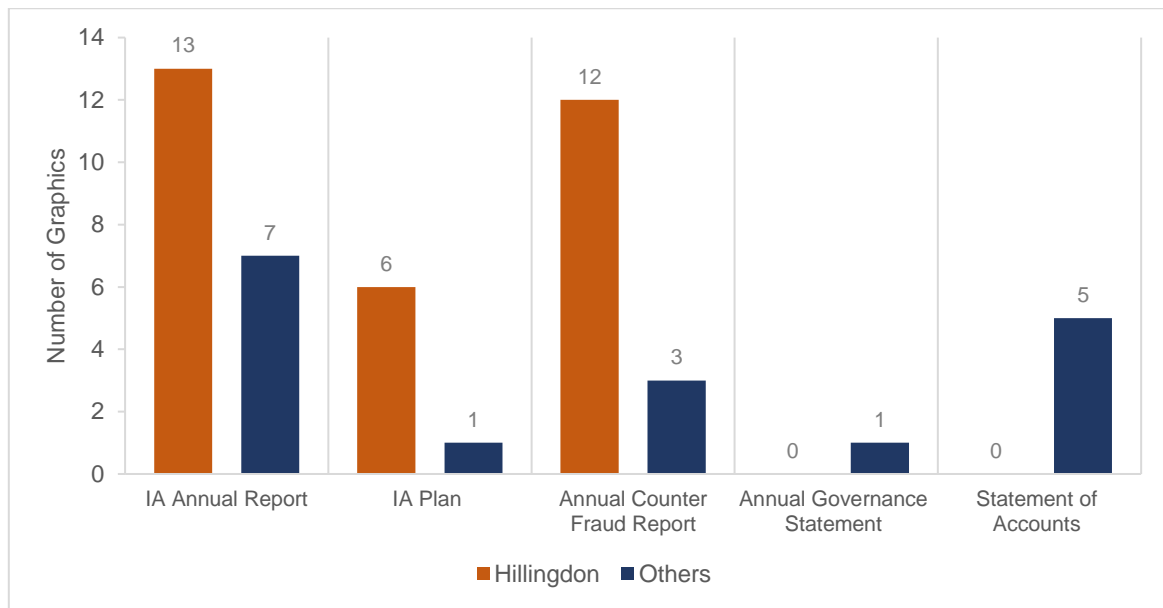**Chart 12 – Average Number of Report Pages – Hillingdon vs Others**

Chart 13 – Average Number of Graphics Used in Each Report – Hillingdon vs Others
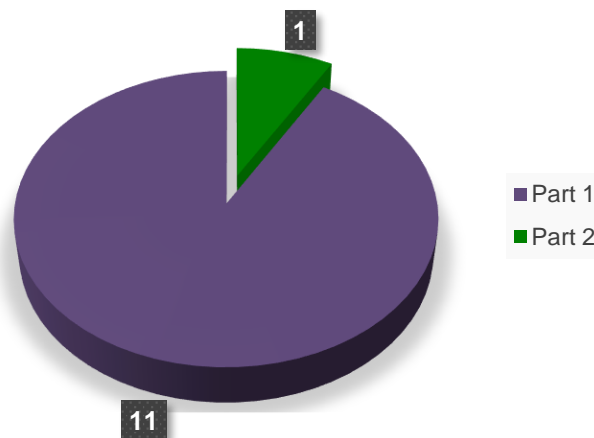

Note: 'Graphics' includes any information that is presented in a non-text format, e.g. graph or table

6. Risk Management Updates

6.1   Chart 14 shows the results from a comparison exercise to determine how councils' ACs consider risk management updates, whether as a 'Part 1' (public) or 'Part 2' (private) agenda item during meetings. 12 councils were reviewed in total, including Hillingdon. All 11 other councils consider risk management as a Part 1 agenda item, but in Hillingdon AC meetings this is a Part 2 item. It was noted that other councils often presented redacted versions of risk register updates, but otherwise risk registers were presented in full.

Chart 14 – Risk Management Updates

INTERNAL AUDIT ASSURANCE LEVELS AND DEFINITIONS

ASSURANCE LEVEL	DEFINITION
SUBSTANTIAL	There is a **good level of assurance** over the management of the key risks to the Council objectives. The control environment is robust with no major weaknesses in design or operation. There is **positive assurance** that objectives will be achieved.
REASONABLE	There is a **reasonable level of assurance** over the management of the key risks to the Council objectives. The control environment is in need of some improvement in either design or operation. There is a misalignment of the level of residual risk to the objectives and the designated risk appetite. There remains **some risk** that objectives will not be achieved.
LIMITED	There is a **limited level of assurance** over the management of the key risks to the Council objectives. The control environment has significant weaknesses in either design and/or operation. The level of residual risk to the objectives is not aligned to the relevant risk appetite. There is a **significant risk** that objectives will not be achieved.
NO	There is **no assurance** to be derived from the management of key risks to the Council objectives. There is an absence of several key elements of the control environment in design and/or operation. There are extensive improvements to be made. There is a substantial variance between the risk appetite and the residual risk to objectives. There is a **high risk** that objectives will not be achieved.

1. **Control Environment:** The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

   - establishing and monitoring the achievement of the authority's objectives;
   - the facilitation of policy and decision-making;
   - ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the authority, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties;
   - ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness;
   - the financial management of the authority and the reporting of financial management; and
   - the performance management of the authority and the reporting of performance management.

2. **Risk Appetite:** The amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time.

3. **Residual Risk:** The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.

RISK RESPONSE DEFINITIONS

RISK RESPONSE	DEFINITION
TREAT	The probability and / or impact of the risk are reduced to an acceptable level through the proposal of positive management action.
TOLERATE	The risk is accepted by management and no further action is proposed.
TRANSFER	Moving the impact and responsibility (but not the accountability) of the risk to a third party.
TERMINATE	The activity / project from which the risk originates from are no longer undertaken.

INTERNAL AUDIT RECOMMENDATION RISK RATINGS AND DEFINITIONS

RISK	DEFINITION
HIGH 🔴	The recommendation relates to **a significant threat** or opportunity that impacts the Council's corporate objectives. The action required is to mitigate a substantial risk to the Council. In particular it has an impact on the Council's reputation, statutory compliance, finances or key corporate objectives. **The risk requires senior management attention**.
MEDIUM 🟡	The recommendation relates to **a potentially significant threat** or opportunity that impacts on either corporate or operational objectives. The action required is to mitigate a moderate level of risk to the Council. In particular an adverse impact on the Department's reputation, adherence to Council policy, the departmental budget or service plan objectives. **The risk requires management attention**.
LOW 🟢	The recommendation relates to **a minor threat or opportunity** that impacts on operational objectives. The action required is to mitigate a minor risk to the Council as a whole. This may be compliance with best practice or minimal impacts on the Service's reputation, adherence to local procedures, local budget or Section objectives. **The risk may be tolerable in the medium term**.
NOTABLE PRACTICE 🔵	The activity **reflects current best management practice** or is an innovative response to the management of risk within the Council. **The practice should be shared with others**.