

Issue Rating Definitions

Issues will be rated high, medium, or low based on these factors:

1. Level of financial impact.
2. Extent of violation of external laws, regulations, and restrictions.
3. Lack of documented policy, procedure, or noncompliance with a policy in an important matter.
4. Lack of internal controls or ineffective controls and procedures.
5. Fraud, theft, inappropriate conflicts of interest or serious waste of school system resources.
6. Significant opportunity exists for real gains in processing efficiency.
7. Poor cost controls or potential for significant savings and/or revenue generation.
8. Condition places the school systems reputation at risk.
9. Ineffective reporting and/or communication structure results in financial risks and/or inefficient operations.
10. Post audit implementation review reveals little or no effort to implement an action plan in response to a previous audit finding.

APPENDIX B – Audit Rating Definitions

Audit Rating	Definition
<p>Unsatisfactory</p>	<p>Design - Design of controls is ineffective in addressing key risks Documentation and communication - Non-existent documentation and/or communication of controls/policies/procedures Operation/implementation - Controls are not in operation or have not yet been implemented Compliance - Significant breaches of legislative requirements and/or departmental policies and guidelines Risk management - Risks are not being managed Issues/deficiencies - Most issues were rated as high and urgent corrective actions are necessary</p>
<p>Needs Improvement</p>	<p>Design - Design of controls only partially addresses key risks Documentation and communication - Documentation and/or communication of controls/policies/procedures is incomplete, unclear, inconsistent, or outdated Operation/implementation - Controls are not operating consistently and/or effectively or have not been implemented in full Compliance - Breaches of legislative requirements and/or departmental policies and guidelines have occurred Risk management - Risks are not effectively managed which could result in failure to ensure school objectives are met Issues/deficiencies - Some high-rated and/or medium-rated issues were identified</p>
<p>Satisfactory</p>	<p>Design - Design of controls is largely adequate and effective in addressing key risks Documentation and communication - Controls/policies/procedures have been formally documented and are up to date but are not proactively communicated to relevant stakeholders Operation/implementation - Controls are largely operating in a satisfactory manner and are providing some level of assurance Compliance - No known breaches of legislative requirements and/or departmental policies and guidelines have occurred Risk management - Risks are largely effectively managed Issues/deficiencies - No high-rated or medium-rated issues identified</p>