

## ANNEX D

### Sample Audit opinions

| Opinion Level | What this means for the area being reviewed: |
|---------------|--|
|---------------|--|

#### Example A

|                       |  |
|-----------------------|--|
| Strong                | In our opinion there is a <i>sound</i> system of internal designed to ensure that the business is able to achieve its objectives controls          |
| Satisfactory          | In our opinion <i>isolated</i> areas of control weakness were identified, which whilst not systemic, put some business objectives at risk          |
| Requires Improvement  | In our opinion <i>systemic and /or material</i> control weaknesses were identified, such that some business objectives are put at significant risk |
| Major Remedial Action | In our opinion the control environment was considered <i>inadequate</i> to ensure that the business is able to achieve its objectives.             |

#### Example B

|                          |   |
|--------------------------|---|
| Effective                | Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.  |
| Some Improvement Needed  | A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met. |
| Major Improvement Needed | Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.   |
| Unsatisfactory           | Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and   |

#### Example C

|   |   |
|---|---|
| Satisfactory System of Internal Control                     | Findings indicate that on the whole, controls are satisfactory, although some enhancements may have been recommended.   |
| Adequate System of Internal Control Subject to Reservations | A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a satisfactory audit opinion to be given.  |
| Inadequate System of Internal Control                       | Findings indicate significant control weaknesses and the need for urgent remedial action. Where corrective action has not yet started, the current remedial action is not, at the time of the audit, sufficient or sufficiently progressing to address the severity of the control weaknesses identified. |

#### Example D

|               |   |
|---------------|---|
| Comprehensive | Comprehensive - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.                                 |
| Reasonable    | Reasonable - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives. |
| Limited       | Limited - We are able to offer limited assurance in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.       |
| None          | None - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives                         |

**Example E**

|                       |  |
|-----------------------|--|
| Full Assurance        | There is a sound system of control designed to achieve objectives and manage risks to robust level.  |
| Substantial Assurance | There is a basically sound system of control with some minor weaknesses, there is a low level of risk that objectives will not be achieved       |
| Moderate Assurance    | The system is basically sound but there are some significant weaknesses; there is a moderate level of risk that objectives will not be achieved. |
| Limited Assurance     | There are very significant weaknesses in key areas in the system of control; there is a high level of risk that objectives will not be achieved. |
| No Assurance          | The control system is absent or has fundamental weaknesses. There is a very high level of risk that objectives will not be achieved.             |