SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence

Herefordshire Council

Report of Internal Audit Activity
Plan Progress 2015-16 Quarter 3/4

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

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Our audit activity is split between:

- **Operational Audit**
- **Key Control Audit**
- **Governance, Fraud & Corruption Audit**
- **IT Audit**
- **Special Reviews**

See Appendix A for individual audits

Role of Internal Audit

The Internal Audit service for Herefordshire Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 19 March 2015.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- School Themes
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Reviews

Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Director of Resources (Section 151 Officer) following consultation with the Senior Management Team. This year's (2015/16) Plan was presented to this Committee on 19 March 2015.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

Update 2015-16

Completed Audit Assignment in the Period

Audit Plan Progress

The summary of the Annual Plan for 2015/16 (Appendix C) highlights progress to date. Based on the findings of each review, an overall control assurance is offered. For a summary of Control Assurance Definitions, Categorisation of Recommendations and Risk Levels, please refer to Appendix 'D'.

As can be seen from Appendix 'C', the following audits have been progressed to date:

Operational:

- Complete, 10 reviews - (6 – Reasonable; 3 – Partial, 1 Non –Opinion)
- Draft Report, 1 review
- Drafting Report, 2 review
- In Progress, 11 reviews
- Not Started, 4 reviews

Governance, Fraud and Corruption:

- Complete, 2 reviews (Non-Opinion)
- In Progress, 2 reviews

Follow Up Reviews: (Non-Opinion)

- Complete, 5 reviews
- In Progress, 1 review

Special reviews:

- In Progress, 2 reviews

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Audit Plan Progress

School Themes –: Pupil Premium

- Complete -   6 reviews (1 Substantial, 5 Reasonable)
- Complete - Themed review

Key Control:
- Complete , 3 reviews (2 Partial, 1 Reasonable)
- Draft Report, 1 review
- In Progress, 1 review

ICT Reviews:
- Complete, 2 review (1 Non-opinion, 1 Reasonable)
- Draft Report, 2 reviews
- Discussion Document, 1 review
- In Progress, 2 reviews
- Not Started, 1 review

Grants:
- Complete, 4 Claims,

Removed:
- 5 review (Elections, Energy Supply Contract, Troubled Families, Incident and Problem Management, Land Charges, Road Maintenance Follow up)

Completed Audit Assignments in the Period

Audit Plan Progress

Audits completed to final report since my last update are:

Operational

- Peer Challenge Benefits realisation – Reasonable

- Delivery of Projects funded by the Skills Funding Agency 2015-16 – Reasonable
- Home to School Transport – Partial (reported above)
- Democratic services- Decision making Process – Reasonable
- Initial Contract Management review – Non-Opinion

Follow Ups (Non-Opinion)
- Accounts Payable
- Council Tax
- Housing and Council Tax Benefit
- Treasury Management

Key Control
- Pensions Auto Enrolment - Partial (reported above)
- Capital Accounting – Partial (reported above)
- NNDR – Reasonable

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee

Report on Significant Findings

Appendix C is a summary of the Annual Plan – a list of all audits as agreed in the Annual Audit Plan 2015/16. It is important that Members are aware of the status of audits as this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Where a review has a status of 'Completed' and has been assessed as 'Partial' or 'No Assurance' or with a 'High' corporate risk, I will provide further detail to inform Members of the key issues identified. For the audits completed since my last report three audits - Home to School Transport, Capital Accounting and Pensions Auto Enrolment have been assessed as Partial assurance (some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives). None of the audits were assessed as a 'High' corporate risk.

The full detail of each significant finding and the agreed management action and implementation is detailed in Appendix B.

Home to School Transport – Partial Assurance
The Council has a statutory duty to provide transport to school for eligible children. In 2014-15 the expenditure for Home to School transport totalled £4.65 million (net), with payments made to 189 suppliers – both main contractors and parents. The service is under financial constraints and needs to make future savings, so must be able to demonstrate value for money is achieved.
The objective of the audit was: to verify that the Council provides an efficient school transport service that meets Council policy, minimum statutory guidance and delivers value for money.
Although it is clear that the service achieves its primary aim to deliver children to the appropriate educational establishment, record-keeping is a weakness, particularly in demonstrating appropriate selection and management of Operators. Without adequate records, it is not possible to confirm that Operators have been selected to achieve value for money.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

Four priority 4 findings - important findings that need to be resolved by management and nine priority 3 findings were identified during the review. The four significant findings are:

- Contract documentation was not available for a sample of contracts
- Insurance details have not been provided by all Operators when requested.
- Contracts may be amended without re-competing; without confirmation that this is value for money.
- Risk assessments are not available to confirm that all designated routes are safe, with relevant risks mitigated.

All priority 4 recommendations have been accepted by management and are targeted for completion by 30 June 2016.

Well Controlled Areas of the Service identified during the review were:

- Two frameworks are in place for the provision of transport and have been approved by the relevant Portfolio Holder.
- In a sample of terminated contracts the reasons for termination were reasonable and where appropriate the service continued, with a permanent solution put in place at the earliest opportunity.
- Spot checks to confirm Operator compliance with Council requirements are undertaken
- Income had been received correctly and could be traced to the general ledger for a sample of payable spare seat allocations to non-eligible children.

Pensions Auto Enrolment – Partial

Auto-enrolment to the relevant pension scheme for each employee was introduced in August 2013 if the employee is aged between 22 and State Pension age, earns more than £10,000 a year, works in the UK, and isn't already a member of a qualifying scheme. The objective of the review was to ensure that Automatic Enrolment to the relevant pension scheme for each post is operating in line with legislation.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

The review identified that there is a facility in place to produce pensions auto-enrolment reports, and while these reports are being run monthly prior to production of the payroll it has not been possible to place reliance on their accuracy during the current financial year. Updates to the Payroll system are ongoing following identification of the cause of the errors in Agresso. No record of manual checks made by the Payroll Manager following the identification of the system error has been kept to date, thus making it difficult to verify the level of progress that has been made in rectifying the problems.

Two priority 4 findings - important findings that need to be resolved by management were identified during the review.

- Monthly auto-enrolment reports produced from Agresso each month prior to the pay run have proved to be inaccurate during 2015-16, with ongoing amendments failing to have eradicated the errors totally, up to December 2015.
- Records have not been kept by Payroll to confirm that the actions taken whilst the system report is not working effectively have ensured that individual employees have been auto-enrolled correctly.

The main source of the problem is linked to the pension default flag box on Agresso. It is hoped that amendments to Agresso to ensure that the pension default flag is not automatically removed when amendments are made will have prevented many of the errors from occurring, however, further testing by the Payroll Manager would be required to confirm this.

Following the audit a solution has been implemented, and there will be a review of the February payroll to confirm it is working as expected. This will be confirmed once the February Payroll has been run with the Head of Corporate Finance. Both priority 4 findings have been agreed with management and the target date for completion by 29 February 2016.

The Payroll Manager has confirmed that following a review of the February payroll that the system is behaving properly and that the previous issues with pension schemes dropping off, causing false re-enrolments, has been resolved.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

Capital Accounting – Partial

The management of Capital is a major element of the Council's financial health: in 2014/15 the Council's assets included £492.6million in Property, Plant and Equipment, with a further £32million in investment property. The Council also has a budget (revised) for capital programme works of £75.6million in 2015/16. The objective of the review was to ensure the capital assets are correctly valued and the asset records are accurate and complete.

Three priority 4 findings - important findings that need to be resolved by management and four priority 3 findings were identified during the review. One priority 4 finding from the 2014-15 audit is also still in progress.

The three priority 4 service findings are:

- Operating leases - Two of ten sampled assets in the land and building category of the non-current asset register were found to be recorded as operating leases. If these assets are operating leases they should be removed from the asset register, but if they are in fact finance leases then the Council's records and statements in the Statement of Accounts should be updated to reflect this.
- Asset Register access - An excessive number of individuals with no business responsibility for the non-current asset register, have access to amend or delete its records. One Senior Assistant Accountant had full system administration access at the time of testing to assist with a project. This is an excessive level of access, and since the review I can confirm that this access has been removed.
- Capital Budget - A capital programme of £67.9million was approved by Council in February 2015. This was revised to a forecast of £73.3million / budget of £75.6million and reported to Cabinet in July 2015 in accordance with the Financial Procedure Rules. Reports of capital spend against budget is reviewed by Budget managers on a monthly basis, and Capital expenditure against budget is reported to Cabinet Committee during the year.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

However the auditor was unable to reconcile the Capital Budget recorded in Agresso to total budget approved by Cabinet: an update for June 2015 records a budget of £73.9million, and the Agresso report dated 03 November provided by Accountancy details a capital programme budget of £79.7million. The Head of Corporate Finance clarified that adjustments are made on an ongoing basis, such as where additional funding becomes available. However, confirmation that these movements are accurately reflected in the budget report was not available at the time of reporting. Evidence has been provided since the report was issued to confirm that the budget does reconcile.

The one priority 4 finding from the previous review currently in progress is:

- The reconciliation between the Council's land terrier (Property records) and fixed asset register should be completed on an annual basis, documented, and independently confirmed as accurate, with any discrepancies resolved. The target for completion of the reconciliation is 31 March 2016 the time of the next annual review.

All priority 4 findings have been agreed with management and will be actioned by 31 May 2016 with two recommendations implemented with immediate effect.

An update will be provided to Members at the meeting on progress against the priority 4 findings for each audit reported above by the Assistant Director with responsibility for the service area.

Added Value

Primarily Internal Audit is an assurance function and will remain as such. However as we complete our audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. The SWAP definition of "added value" is "it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost".

As part of the Accounts Receivable audit SWAP is collating the practices for debt recovery across all SWAP partners to help inform the revision of the Council's Debt Recovery policy.

Special Reviews

Unplanned work, special reviews or projects carried out on a responsive basis are requested by the Director of Resources (Section 151 Officer).

Two reviews have been requested since my last update – Statutory Returns, and Parking Permits. The days to deliver both reviews have been accommodated in the Contingency budget for planned days.

Future Planned Work Continued

As new and emerging risks are identified, any changes to the plan will be subject to the agreement of the Director of Resources (Section 151 Officer) with removal or deferral of audits to be formally agreed by the Audit Committee.

There have been two requests for additional work since my last report: Commissioning and Procurement and Social Care Financial Practices.

To accommodate the Commissioning and Procurement review I recommend that the audit review of Land Charges is removed. Land Charges is a low risk service area legislated under the Land Charges Act 1972 with set fees for Local Authority searches. Social Care Financial Practices will replace Troubled Families. No claims have been made to the DCLG in 2015-16 so there is no requirement for the internal audit assurance work for Troubled Families.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Conclusion

Since my last update we have completed twelve audits. Where low to medium control or administrative weaknesses are identified normal expectation is for reviewed areas to be assessed into the 'Reasonable' category of assurance. However, where the assessed area falls below 'Reasonable', management is expected to address the risks identified as a matter of priority and monitor their progress against the agreed action plan. Of the twelve audits completed three have been assessed as Partial assurance and the significant findings have been reported above.

Since my last report additional resource has been used to progress the plan to meet the target in our legal agreement. Currently there are only five reviews that are Not Started compared to twenty reviews in my last update a significant improvement towards completing the plan.

At the end of each audit review, a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 80% is set where 75% would represent a score of good. The current accumulative feedback for Herefordshire Council is 87%.

Internal Audit Plan 2015-16

High Priority Findings and Recommendations (Priority 4 or 5 only)	APPENDIX B

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
		Home To School Transport			
Contract documentation was not available for a sample of contracts.	Value for money and compliance with the Contract Procedure Rules has not been demonstrated as there is no competitive process.	I recommend that the Passenger Transport Manager ensures that contract records are retained in accordance with documented retention standards in order to demonstrate value for money in accordance with the Council's Contract Procedure Rules.	In order to ensure that Herefordshire Council is getting best value for money, contracts will be analysed termly and will be re-tendered where appropriate. Contract paperwork will be held on PATeo and accessible to all relevant staff.	30 April 2016	Transport Co-ordinator
At the time of testing (August 2015) insurance details for 45 vehicles were overdue, despite a prompt in January 2015. The records held by the Transport Assistant show that 41 of these expired 2011-2014, and there is a risk that the Council may be using a supplier who does not have the appropriate insurance cover.	The Council does not have assurance that Operators are complying with Council and statutory requirements.	I recommend that the Passenger Transport Manager ensures that insurance details are checked to ensure that Operators are insured on an ongoing basis. This could be through directly requesting Operators to provide insurance details, or for Taxis by checking with the Licensing team. Any instances where insurance details are not provided should be followed up and escalated promptly.	Taxi Team keep insurance records and reference can be made to the Taxi Team concerning any taxi operator. All cancelled insurance will be notified to the Transportation Team. Bus operators to provide details of insurance on an annual basis as per a schedule held in Transportation.	31 May 2016	Passenger Transport Manager

Internal Audit Plan 2015-16

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Contracts may be amended without re-competing; one sampled contract increased in cost by £65 per day (original contract was for £10 per day) without confirmation that this is value for money.	Value for money and compliance with the Contract Procedure Rules has not been demonstrated as there is no competitive process.	I recommend that the Passenger Transport Manager revises procedures so that any contract amendment resulting in a price change of +/- 10% of the original is offered as a mini-competition to all suppliers on the framework in order to demonstrate value for money.	To ensure that not only the price of the contract but the scope of the contract is kept in the documentation to demonstrate best value for money.	30 April 2016	Transport Co-ordinator
The Council started a programme of risk assessments for each route in 2012. Only a few routes were risk assessed, and the programme stopped shortly after. The Transport Officer is confident that the routes are all monitored and risk assessed on an informal basis. However, without a formal risk assessment the service would be unable to demonstrate that risks had been appropriately considered in the event of an incident or accident.	If an accident should occur whilst a child is waiting at a stop, the Council may not be able to demonstrate that it took appropriate action to consider the risks associated with that stop in order to maximise child safety.	I recommend that the Passenger Transport Manager ensures that risk assessments are undertaken and documented to ensure the safety of each route has been considered and appropriate mitigation is in place.	To issue generic risk assessment with all contracts and ensure that the operator understands new routes and the schedule of stops. Any new route stops must be risk assessed by the professional operator conducting the contract to ensure the safety of all passengers. Application forms for transport will clearly identify parental/guardian responsibilities with loading and disembarking riders to our transport.	30 June 2016	Passenger Transport Manager with the support of the Transport Co-ordinator

Internal Audit Plan 2015-16

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Pensions Auto Enrolment					
There is an appropriate process in place for the production of monthly pension auto-enrolment reports, however, ongoing problems with the accuracy of these reports during the current financial year has meant that at the time of review (early December 2015) I cannot provide assurance that the reports are now sufficiently reliable. There have been ongoing amendments to the system since the discovery of errors within the monthly pension auto-enrolment reports, the cause of which has been identified as the upgrade of Agresso in April 2015. However,	Staff may be auto-enrolled in a pension scheme incorrectly; staff who are eligible due to age or contract type may not have been enrolled.	I recommend that any further check carried out by the Payroll Manager following any manual checks or amendments made to Agresso in respect of the monthly pension auto-enrolment reports is documented to provide a clear audit trail.	I recommend that any further check carried out by the Payroll Manager following any manual checks or amendments made to Agresso in respect of the monthly pension auto-enrolment reports is documented to provide a clear audit trail.	Immediate	Payroll Manager

Internal Audit Plan 2015-16

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
checks could not be made during the audit on the progress of these amendments, which have been carried out over a number of months, as no record has been kept of incidents reported to ICT, or monthly checks carried out by the Payroll Manager.					
The accuracy of the information in the monthly auto-enrolment reports could not be relied upon at the time of review, with four of the seven payroll records tested showing errors. The Payroll Manager has been aware for some time of errors within the reports; the problem dates back to the Milestone 4 Agresso upgrade in April 2015. Changes to Agresso have been made by I.T. as problems with each monthly report have come to light, along with corresponding	Staff may be auto-enrolled in a pension scheme incorrectly; staff who are eligible due to age or contract type may not have been enrolled. The Council may be unable to rely on its system records; extensive work may be needed to identify the records affected and make necessary corrections.	I recommend that checks are carried out by the Payroll Manager on the auto-enrolment reports to confirm that the identified system errors are corrected and all employees affected have been treated appropriately, with results and details reported to the Head of Corporate Finance in terms of the category of errors found and the numbers involved.	A solution has been implemented, and we will review the February payroll to confirm it is working as expected. This will be confirmed once February Payroll has been run with the Head of Corporate Finance.	29 February 2016	Payroll Manager

Internal Audit Plan 2015-16

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
amendments to employee records, although these have not been documented by the Payroll Manager. Testing in December on August and September's reports confirmed the ongoing problem.					
Capital Accounting					
Two of ten sampled assets in the land and building category of the non-current asset register were found to be recorded as operating leases.	Assets have been classified incorrectly in either the non-current asset register or lease records; consequently, these records cannot be relied up on in full.	I recommend that the Finance Manager reviews the classification of all leased assets to assess whether the lease arrangement should be considered a finance or operating lease, and ensures that operating leases are not included and finance leases are included in the Council's Fixed Asset Register.	Agreed although finance leases are accurately reflected operating leases need a further review.	31 May 2016	Head of Corporate Finance
Access to the asset register is not adequately restricted: fifteen Hoople accountants have access to create, amend and delete	Capital Assets are misappropriated due to false or fraudulent practises.	I recommend that the Head of Corporate Finance undertakes a periodic review of the users able to access the fixed asset register and their	Agreed, regular system access reviews will be undertaken.	Continuous	Head of corporate Finance

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Internal Audit Plan 2015-16

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
records, but do not have responsibility for the Council's asset register. Additional staff have read only access. In addition, one Accountant has been given full system administrator access to assist with a Hoople project. This appears to be an excessive level of access, and since the review I have confirmed that this access has been removed.		level of access, and any staff with inappropriate access are removed.			
A capital programme of £67.9million was approved by Council in February 2015. This was revised to a forecast of £73.3million / budget of £75.6million and reported to Cabinet in July 2015 in accordance with the Financial Procedure Rules. However, I have been unable to reconcile the Capital Budget recorded in	Capital assets are misrepresented in the Annual Statement of Accounts	I recommend that the Head of Corporate Finance reviews the capital budget detailed in the general ledger in order to confirm that it matches the Council's approved capital programme spend.	The timing of budget updates needs to be actioned quicker, budget virements are to be automated through Agresso this will improve visibility and traceability of movements	Immediate and ongoing	Finance Manager Budget and Planning

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Internal Audit Plan 2015-16

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Agresso to total budget approved by Cabinet: an update for June 2015 records a budget of £73.9million, and the Agresso report dated 03 November provided by Accountancy details a capital programme budget of £79.7million. The Head of Corporate Finance clarified that adjustments are made on an ongoing basis, such as where additional funding becomes available. However, confirmation that these movements are accurately reflected in the budget report was not available at the time of reporting.					

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the PSIAS and the CIPFA Code of Practice for Internal Audit in England and Wales.

Internal Audit Plan 2015-16

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
2014-15 report. The Council land terrier (property records) are not reconciled to the Asset ID's in the Fixed Asset Register.	There is a risk to the Council without a full asset register reconciliation the Council may own properties that are not on the property database or in the fixed asset register, or vice versa have assets on the fixed asset register that the Council no longer own.	I recommend that following recommendation 2.1b the Land and Property Manager ensures that a reconciliation between the Council's land terrier (Property records) and fixed asset register completed on an annual basis is documented, and independently confirmed as accurate, with any discrepancies resolved.	Agreed - Annual process to be adopted	31 March 2016	Head of Corporate Finance

Audit Framework Definitions

Substantial	▲★★★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲★★★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲★★★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲★★★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
Priority 4: Important findings that need to be resolved by management.
Priority 3: The accuracy of records is at risk and requires attention.
Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.