



## INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP

### 1.0 INTRODUCTION AND BACKGROUND

1.1 This report provides Members with an update of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting.

### 2.0 SUMMARY OF REPORTS

	<b>Service / Topic</b>	<b>Assurance level</b>
2.1	Creditors and CIS	Substantial
2.2	Community Safety	Substantial
2.3	Payroll	Reasonable
2.4	Tackling Tenancy Fraud	Not Applicable
2.5	Car Parking and PCNs	Reasonable
2.6	Refuse Freighter Vehicle Specification	Limited
2.7	Garden Waste Collection Service	Limited
2.8	EKS – Quarterly Housing Benefit Testing (Quarter 2 of 2014-15)	Not Applicable
2.9	EKS – Quarterly Housing Benefit Testing (Quarter 3 of 2014-15)	Not Applicable

#### **2.1 Creditors and CIS – Substantial Assurance:**

##### 2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that only bona-fide invoices are paid, and that the correct procedures have been applied in the way in which the expenditure was incurred.

##### 2.1.2 Summary of Findings

There have been limited changes to the Creditors system since the last Internal Audit review in 2012/13. There are currently two upgrades being piloted within the finance system (e-Financials). The first will automate the invoice/batch process and move to a paperless system thereby saving on filing/storage space. This system has been designed to pull through invoices that have a three way match (order – goods receipt – invoice) into the next available invoice batch for subsequent payment. The second upgrade is for online authorisation of non-pop invoices which will remove the need for paper authorisation and storing the paper copies of the invoices / invoice analysis slips. These will hopefully be used Council wide by September 2015 and it is hoped

will improve the efficiency and speed of the payment service. The ability to have invoices being put on hold or in dispute still exists within this system. A new piece of software has been purchased called DbCapture pdf which enables electronically received invoices to be pulled directly into DbCapture from the email, thus alleviating the need to print out and manually scan the invoices. This is being used and is saving resource.

The officers in place to undertake the Creditors function have a sound knowledge and considerable experience surrounding the Creditors process and the controls necessary to ensure that bona-fide invoices are paid. There is a clear separation of duties and all of the requisite internal controls in this area have been established and are consistently being adhered to. These clear, robust processes and procedures will ensure that only bona fide suppliers are created and paid.

A performance target of 98.5% of invoices to be paid within 30 days has been set. Data is being collated and reported to management on a monthly basis and this target is being met, maintained and is being exceeded.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- Payments are made in accordance with standing orders, financial regulations and prescribed procedures.
- There is adequate documentation to evidence that the payments being made via the creditors system are legitimate and appropriate.
- Manual, direct debit and direct bank transfer payments are strictly controlled
- Accurate supplier details are established and maintained;
- Appropriate performance indicators are being set, monitored and accurately reported upon.
- Contractors are set up within the creditors system so that CIS deductions are automatically made. Monthly returns are completed and monies paid to the HMRC by 19th of each month.

## **2.2 Community Safety – Substantial Assurance:**

### 2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the input from the Council to the Community Safety Unit in order to achieve the Council objectives and to meet legislation which places a duty on local councils to consider how their services impact on crime and disorder.

### 2.2.2 Summary of Findings

The Crime and Disorder Act 1998, Section 17 places an obligation on local authorities to consider crime, disorder, environmental issues affecting the local area and substance misuse of all their activities and to do all they reasonably can to prevent them. It also places a statutory duty on the police and local authorities to work together with key partners and agencies in partnership to formulate and implement local crime reduction strategies. The partners are required to identify local crime and disorder priorities, formulate strategies to reduce crime and monitor and evaluate those strategies. As a result of this the Community Safety unit contribute to the Thanet Community Safety Partnership (TCSP).

Originally the Council, as the accountable and administrative body, received a significant amount of grant funding to assist in the running of the CSU and its support of the CSP. This funding over the last decade has however reduced significantly from in excess of £200,000 down to less than £35,000 per annum. However, the work undertaken by the CSU over the past years has not changed and in fact the expectations of the service have increased.

An assurance opinion of Substantial has been concluded in respect of the adequacy and effectiveness of the procedures and controls established to ensure that the CSU meets its objectives and thus assists in ensuring that the Council meets its statutory responsibilities regarding community safety.

The primary findings giving rise to the Substantial opinion are as follows:

- The CSU, through its administrative and partner role, is ensuring that the TCSP produces a plan each year and also completes an annual strategic assessment, which are both laid down requirements.
- The CSU is facilitating many projects that meet its own specific objectives and that of the TCSP, as well as reacting to current community safety concerns.
- The CSU and TCSP publicise their work and ensure they engage the community when considering their priorities, planning their work for the following year and ensuring they demonstrate compliance with Section 17.
- The CSP receives good feedback from partners, Councillors and members of the public who are affected by community safety issues including ASB.
- The website pages for the CSU and TCSP are up to date and provide comprehensive information to the public on anti-social behaviour and the work of the Council.

Scope for improvement was however identified in one area:

- The Information Sharing protocol needs to be signed by the Authority and all participating organisations and held securely for future reference.

## **2.3 Payroll – Reasonable Assurance:**

### **2.3.1 Audit Scope**

To ensure that the key internal controls in place in relation to the KCC administered payroll function are effective to provide the required shared service to the three Councils regarding payments to Officers and Councillors.

### **2.3.2 Summary of Findings**

The Payroll function is currently provided by Kent County Council to each of the three local authorities with the assistance of staff in each of the councils including East Kent HR. The contract with Kent County Council (KCC) has run its full term (October 2014) and work is being undertaken to procure a replacement solution.

The internal control system and processes had not changed since the previous audit therefore this review was focussed on transaction testing to ensure the payroll function was correctly processing payments in line with Council Policy and legislative requirements.

The primary findings giving rise to this Reasonable Assurance opinion are:

- Large samples of transactions from each partner council were tested as part of the audit review. It is very positive to report that no significant issues were found.

- Few minor errors were identified through the testing carried out confirming the effectiveness of the controls in place.

Scope for minor improvement was however identified in the following areas:

- The reconciliation routines in place should be robust enough to capture any differences between what has been claimed (by the employee) and what has been input to the Payroll system.
- The data transfer from Payroll to the main financial systems for each council is labour intensive, and the new payroll solution should seek for opportunities to automate this.

## **2.4 Tackling Tenancy Fraud – Not Applicable**

### **2.4.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that effective arrangements are in place between the four councils and East Kent Housing Ltd (EKH) to ensure that housing tenancy fraud is being tackled.

### **2.4.2 Summary of Findings**

There are various types of tenancy fraud, sub-letting the whole property, key selling, unauthorised assignment, wrongly claimed succession, right to buy, and obtaining tenancy through false statement. Individuals who commit tenancy fraud prevent those who are legally entitled to social housing from being housed.

In the Annual Fraud Indicator 2013 the National Fraud Authority (NFA) estimated that Housing Tenancy Fraud cost social housing providers £845 million. The Audit Commission reports that social housing fraud is the single largest category of fraud loss in local government in terms of value.

The Prevention of Social Housing Fraud Act 2013 is new legislation that is primarily concerned with strengthening the powers of social landlords to tackle tenants who sublet the whole of their dwellings for a profit. The Act was brought fully into force on 15 October 2013. The Act: -

- Creates new criminal offences of unlawful subletting by assured and secure tenants in social housing;
- gives local authorities powers to prosecute in cases of unlawful subletting but subject to expiration restrictions on evidence;
- enables courts to order the recovery of any profit made from unlawful subletting from tenants; and
- provides that assured tenants who unlawfully sublet the whole of their dwelling cannot subsequently regain their security of tenure.

Right to Buy Fraud (RTB) and application/acceptance of a social housing tenancy knowingly using fraudulent information/ by deception are offences under the Fraud Act 2006.

East Kent Housing (EKH) Ltd and its staff have a reasonable level of awareness of tenancy fraud and proactive action is being taken, and further action planned, to address the issue of tenancy fraud awareness and detection. However, due to resource implications and the pressures of the 'day job' the effectiveness of some

management controls could be improved and some opportunities to address tenancy fraud may be currently being missed.

A significant amount of data is held about individual tenants and households and often this data is enough to highlight common 'warning signs' of potential fraud. However, the fact that this data is held on different systems, and recorded slightly differently by these systems has resulted in a number of potential matches coming to light from the tests undertaken as part of this audit. Although it has not been possible to review all these potential matches in detail, from the samples reviewed one potential fraud has been highlighted and is currently being investigated. With the procurement of the new single solution housing system currently underway some of these issues should be addressed and the opportunity taken to carry out a full data cleanse of housing.

Despite a significant volume of data being held further work is required in order for the extent and level of risk of tenancy fraud within the four districts to be fully understood. A number of recommendations and opportunities have been highlighted within the action plan to aid with this. Once a tenancy fraud profile has been determined the four member authorities and EKH will be able to better determine the level of priority and resource that should be put into detecting and tackling tenancy fraud.

## **2.5 Car Parking and PCNs – Reasonable Assurance:**

### 2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that car park machine income (on-street and off-street), is adequately monitored and reconciled to expected income and that income trends are monitored for individual car parks for management information.

To provide assurance that parking restrictions are being consistently and effectively enforced and that income due to the Council from penalty charge notices is adequately monitored and reconciled to expected income and that income trends are monitored for management information.

### 2.5.2 Summary of Findings

Income from car parks and on and off street parking forms a significant income stream to the Council. There is therefore a need to ensure that effective internal controls are in place to ensure that all income received is monitored and correctly accounted for.

Specific areas of the service were benchmarked against Canterbury City Council and Dover District Council. In 2013/14 Thanet District Council issued a total of 14,953 penalty charge notices, an average of 1,150 notices per Civil Enforcement Officer. This compares to 25,744 by Authority A and 10,714 by Authority B.

Of the 14,953 notices that have been issued in 2013/14:-

- 10,117 were for on street offences;
- 4,836 were for off street offences;
- 143 were spoilt for various reasons; and
- 4,380 were issued for parking on double yellow lines.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- There are clear processes and procedures in place for the administration of the car park income and the penalty charge notices.
- Although members of the Parking Team are tasked with their individual functions they are able to provide cover for any member of the team if required.
- Annual benchmarking is undertaken with other Kent Local Authorities.
- The status of the penalty charge notices are regularly reviewed by the Civil Enforcement Manager to ensure that appropriate action has been taken.

Scope for improvement was however identified in the following areas:

- The overpaid penalty charge notices should be reviewed periodically and appropriate action taken to clear the credit balance from the parking system.
- The safe limits are not always adequate to cover the monies held in them.
- The cash collection contract is 30 years old and the Council has not retendered the contract to ensure that they are receiving value for money.

## **2.6 Refuse Freighter Vehicle Specification – Limited Assurance.**

### 2.6.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council's fleet of refuse freighters are fit for purpose, were adequately and appropriately specified, are being used in accordance with that specification and all of the manufacturer's warranty conditions.

### 2.6.2 Summary of Findings

In 2013 the Council engaged the services of a firm of consultants to provide management support in respect of a project to ensure that the Council could collect household waste under the East Kent Joint Waste Project. Part of the support being provided was to produce a specification for the new refuse freighters required to collect waste and recycling from households.

Following a competitive tender process, and subsequent review of the way in which the service will be delivered, the Council ordered 3 different types of vehicles in March 2013 with a combined order value of £2,482,245 consisting of;

- 6 x 26 tonne freighters to collect recycling;
- 5 x 26 tonne freighters to collect general waste; and
- 4 x 18 tonne freighters to collect in restricted access areas.

Mid-way through 2014/15, problems became evident with the 26 tonne freighters used for recycling as it was identified that the vehicles were not fitted with a reinforced, sacrificial floor and as a result the compacted glass was wearing through the bottom of the freighters. It was estimated that it would cost in the region of £1,500 per vehicle to retrofit a reinforced, sacrificial floor and resulted in the floors of these vehicles (previously believed to have a 7 year life expectancy) having to be repaired in a little over 12 months from delivery.

This review was undertaken at the request of the former Interim s.151 officer to;

- a) Establish why the vehicles used for the collection of glass were not specified with a reinforced/sacrificial floor;
- b) Identify who failed to correctly specify the vehicles;
- c) Establish the governance procedures in place for the final approval of the specification; and
- d) Confirm that the problems being incurred are as a result of incorrect specification, rather than incorrect manufacture or usage.

Management can place Limited Assurance on the system of internal controls in operation surrounding the specification of the 26 tonne freighters used to collect recyclable materials. The primary findings giving rise to this Limited Assurance opinion are as follows:

- The procurement expertise of the consultants used to specify the vehicles was not checked by means of references.
- From the enquiries undertaken it has not been possible to source any form of contract between the Council and the consultants for the work they were undertaking.
- No copies of the professional indemnity insurance held by the consultants could be sourced during this review.
- There is no supporting information in place to explain changes made to the vehicle specification prior to the order being placed.
- There is no evidence in place to confirm that the final specification was approved by the end users of the vehicles prior to the order being placed with the supplier.

## **2.7 Garden Waste Collection Service – Limited Assurance.**

### **2.7.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the green waste service is being correctly charged for, in accordance with Council policy and that all income is correctly received and reconciled where the green waste service is being provided.

### **2.7.2 Summary of Findings**

The Council's garden waste collection service currently has approximately 8,500 subscribers. There is an up-front charge for the garden waste bin of £27.50 (2014/15) and an annual fee of £35 (2014/15) for the service. Annually the amount of income has increased for the green waste service as follows:

	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>
Bins	£22,039	£40,021	£51,670
Collection Service	£165,908	£171,715	£218,135

The service to the customer operates effectively, however the administration of the whole function is cumbersome and ineffective. It is very difficult to reconcile the payments received for the service using the data recorded on the financial information system to the manual records held by the Operational Support Team.

The processes in place for the administration of the green waste service have been reviewed by the Service Development Manager and some action has been taken to streamline them and make them more efficient for the 2015-16 renewals. However, due to a timing issue with the annual renewal scheme, more work needs to be undertaken to make the procedures less cumbersome and more effective and to ensure the records being maintained by the Operational Support Team fit with the information recorded on the main financial system.

The M3 software system is being partially used to record some of the payments received, however the system does not have the capacity to be used as the core database and could be a more effective and efficient way to streamline the current function. Another council currently uses M3 as their core database to operate their green waste service.

The Council currently relies on subscribers of the service notifying them if they have paid for the service but have not received a bin or the renewal sticker, however with service improvements such as using a more comprehensive database the Council would provide an enhanced service where the level of contact from the customer would be kept to a minimum safeguarding the Council's reputation.

The primary findings giving rise to the Limited Assurance opinion in this area are as follows:

- The records being maintained are cumbersome.
- The core database is not fit for purpose as it is an excel spreadsheet.
- The manual records being maintained are not adequately protected.
- A reconciliation between the income recorded on the financial system and the records held by the Operational Support Team can not be undertaken.
- The M3 system has the facility to be used to record all green waste scheme subscribers and would use each properties UPRN, linked into the LLPG, rather than the unique reference number created which is currently being used.

Effective control was however evidenced in the following areas:

- Manual records are being maintained of all subscribers to the service.
- Macros have been implemented to reduce the amount of time being spent on reviewing the payments received each day and identifying new subscribers to the service.
- All income is banked expeditiously dependent on the payment method used.
- The approved fees for the green waste service are charged.

## **2.8 EK Services – Housing Benefit Quarterly Testing (Quarter 2 of 2014-15):**

### 2.8.1 Background:

Over the course of 2014/15 financial year the East Kent Audit Partnership will be completing a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

### 2.8.2 Findings:



For the second quarter of 2014/15 financial year (July to September 2014) 40 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

A fail is categorised as an error that impacts on the benefit calculation. However, data quality errors are also shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

### 2.8.3 Audit Conclusion:

Twenty one benefit claims were checked and of these one (4.76%) had a financial error that potentially did impact on the benefit calculation, all other claims passed and no data quality errors were found.

## **2.9 EK Services – Housing Benefit Quarterly Testing (Quarter 3 of 2014-15):**

### 2.9.1 Background:

Over the course of 2014/15 financial year the East Kent Audit Partnership will be completing a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

### 2.9.2 Findings:

For the third quarter of 2014/15 financial year (October to December 2014) 40 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

A fail is categorised as an error that impacts on the benefit calculation. However, data quality errors are also shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

### 2.9.3 Audit Conclusion:

Forty benefit claims were checked and of these two had financial errors that did impact on the benefit calculation (5%).

## **3.0. FOLLOW UP OF AUDIT REPORT ACTION PLANS:**

3.1 As part of the period's work, eight follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. Outstanding	
a)	Planning and s106 agreements	Substantial/ Reasonable	Substantial	H	0	H	0
				M	3	M	1
				L	3	L	0

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. Outstanding	
b)	Right to Buy	Substantial	Substantial	H M L	3 0 0	H M L	0 0 0
c)	Printing and Post	Substantial	Substantial	H M L	0 1 1	H M L	0 1 1
d)	EKH – Tenant Health & Safety (Lifts)	No Assurance	Reasonable	H M L	2 0 0	H M L	0 0 0
e)	EK Services – Housing Benefit Payments	Substantial	Substantial	H M L	0 1 1	H M L	0 0 0
f)	EK Services – Software Procurement	Limited	Reasonable	H M L	4 2 0	H M L	0 0 0
g)	HRA Business Plan	Reasonable	Reasonable	H M L	2 1 0	H M L	0 0 0
h)	Waste Vehicle Fleet Management.	Reasonable/ Limited	Reasonable	H M L	4 2 1	H M L	1 1 1

- 3.2 Details of any individual High priority recommendations outstanding after follow-up are included at Appendix 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 officer and Members' of the Governance and Audit Committee.
- 3.3 The purpose of escalating outstanding high-risk matters is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.
- 3.4 As highlighted in the above table, those areas previously reported as having either Limited or No assurance have been reviewed and, in respect of those remaining at below Reasonable assurance, Members are advised as follows:

a) ICT Software Licensing

At the September committee it was reported that no significant progress in implementing the ICT Asset Management Software had been made due to an issue with the software supplier. This has resulted in a new procurement process being required with a different Software Asset Management (SAM) system needing to be sourced. Until the SAM system is implemented, which enables the tracking of software licences on all ICT assets, this will remain at Limited Assurance.

An additional review of the controls and procedures within the software procurement process was undertaken, and the assurance for this has been raised to Reasonable Assurance as reported in the table above under Software Procurement.

Management Response:

Tender invites are being issued week commencing 26/05/2015 to start the procurement process having received final approvals from Thanet procurement. The SAM system is being purchased alongside two other key products; a replacement for the Service Desk system and the Introduction of a new Software Contract Management system. We are seeking all products as a combined software suite under a single tender. The implementation of the suite will be complex but we are hopeful that full procurement and staged go live will be completed by the end of this financial year with the SAM system taking priority. In the interim we are using an inventory module within the existing software to keep track of software licences aided by manual procedures for ensuring licence purchases are managed.  
Head of ICT, EK Services.

**4.0 WORK-IN-PROGRESS:**

- 4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Insurance, Complaints Monitoring, Dog Warden and Street Scene Enforcement, Your Leisure, Housing Allocations, Equality and Diversity, and CSO Compliance.

**5.0 CHANGES TO THE AGREED AUDIT PLAN:**

- 5.1 The 2014-15 internal audit plan was agreed by Members at the meeting of this Committee on 20<sup>th</sup> March 2014.
- 5.2 The Head of the Audit Partnership meets on a monthly basis with the Section 151 Officer or their nominated representative to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews.

**6.0 FRAUD AND CORRUPTION:**

There are no known instances of fraud or corruption to bring to Members attention at the present time.

**Attachments**

- Appendix 1 Summary of High priority recommendations outstanding after follow-up.  
Appendix 2 Summary of services with Limited / No Assurances  
Appendix 3 Assurance statements

**SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1**

<b>Original Recommendation</b>	<b>Agreed Management Action , Responsibility and Target Date</b>	<b>Manager's Comment on Progress Towards Implementation.</b>
<p>The Interim Head of Operations should introduce a local performance indicator to monitor and report instances of overloading with the target for the indicator being set at zero.</p>	<p>Target for total overloading incidents &lt;1% annually based on monthly monitoring of incidents under action 4.</p> <p><b>Proposed Completion Date:</b> Round balancing underway to reduce opportunity for overloading incidents. Started August 2014, but will continue for other service efficiency purposes.</p> <p><b>Responsibility:</b> Recycling and Waste Manager</p>	<p>As part of an improvement programme the Waste &amp; Recycling manger is now reporting this information, they need to liaise with Thanet Waste so that weekly updates are sent to all the relevant Managers &amp; Supervisors, relevant actions will be monitored through the operations fortnightly meetings.</p> <p>Revised Implementation Date: 30/06/15</p>

**SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED – APPENDIX 2**

<b>Service</b>	<b>Reported to Committee</b>	<b>Level of Assurance</b>	<b>Follow-up Action Due</b>
Absence Management	June 2013	Limited	Work-in-progress as part of a planned audit
EK Services – ICT Change Control	June 2014	Limited	Work-in-progress
Waste Vehicle Fleet Management.	September 2014	Reasonable/Limited	Work-in-progress
FOI, Data Protection and Information Management	September 2014	Reasonable/Limited/Limited	Work-in-progress
Authorisation of Overtime within Waste, Recycling and Street Cleansing	March 2015	No Assurance	Work-in-progress
Employee Benefits-in-Kind	September 2014	Limited	Work-in-progress
CCTV	March 2015	Reasonable/Limited	Work-in-progress
East Kent Housing – Leasehold Services	March 2015	Limited	Work-in-progress
Authorisation of Overtime within Waste, Recycling & Street Cleansing	March 2015	No Assurance	Work-in-progress



## Appendix 3

### AUDIT ASSURANCE

#### Definition of Audit Assurance Statements

##### **Substantial Assurance**

From the testing completed during this review a sound system of control is currently being managed and achieved. All of the necessary, key controls of the system are in place. Any errors found were minor and not indicative of system faults. These may however result in a negligible level of risk to the achievement of the system objectives.

##### **Reasonable Assurance**

From the testing completed during this review most of the necessary controls of the system in place are managed and achieved. There is evidence of non-compliance with some of the key controls resulting in a marginal level of risk to the achievement of the system objectives. Scope for improvement has been identified, strengthening existing controls or recommending new controls.

##### **Limited Assurance**

From the testing completed during this review some of the necessary controls of the system are in place, managed and achieved. There is evidence of significant errors or non-compliance with many key controls not operating as intended resulting in a risk to the achievement of the system objectives. Scope for improvement has been identified, improving existing controls or recommending new controls.

##### **No Assurance**

From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.