Financial systems

Internal Audit Report

Cwm Taf Morgannwg University Health Board

2020/21

April 2021

NHS Wales Shared Services Partnership

Audit and Assurance Services

Reasonable Assurance	

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Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

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1. Introduction and Background

The audit review of elements of the Financial Systems was completed in line with the 2020/21 Internal Audit Plan. The review seeks to provide Cwm Taf Morgannwg University Health Board (the 'UHB' or the 'Health Board') with assurance that there are effective processes in place to manage the risk associated with certain elements of the financial systems.

As part of our planning we reviewed the financial systems work that we had previously undertaken and held discussions with the Acting Head of Finance – Financial Accounts to gain an understanding of any significant changes that have taken place in the Health Board since our last financial systems review. The key changes have been the merger with the Bridgend area in April 2019 and the subsequent introduction of a new operating model in April 2020.

This year our work has focused on: Charitable funds (Covid-19 specific); General Ledger and Capital Assets.

As a result of the transfer of responsibility relating to the Bridgend area, the Health Board has taken on more charitable fund accounts. The increased value of the funds means that Audit Wales now undertake a more detailed review of these. At the time of our review Audit Wales had recently completed their planned work in relation to charitable funds for 2019/20.

However, since April 2020 the Health Board has received an unprecedented volume of donations in response to the Covid-19 pandemic. Money has also been received in form of NHS Charites Together Grants (for example, the Sir Tom Moore grant). Our work focused primarily on the Covid-19 specific donations and subsequent spend.

There have been numerous events in previous months that have had an impact on the general ledger and the Oracle financial system. The key changes include the merger with Princess of Wales and transfer of staff previously with Abertawe Bro Morgannwg University Health Board (ABMU) onto the Health Board's financial system (Oracle).

There have also been amendments to the scheme of delegation and financial system coding structure due to the implementation of the new operating model, and changes as a result of the command structure and emergency arrangements brought in to manage the Covid-19 pandemic.

Finally, due to the merger with the Bridgend area the Health Board has seen an increase in volume and value of capital assets that it has responsibility for.

The relevant lead for the review is the Director of Finance.

2. Scope and Objectives

The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place in relation to the Health Board's processes for Covid-19 related charitable funds, the general ledger

and the capital asset register. The review sought to provide assurance to the Health Board's Audit and Risk Committee that risks material the system's objectives are managed appropriately.

The areas that the review sought to provide assurance on were:

Charitable Funds (Covid-19 related)

- Documented procedures are in place outlining how charitable fund donations made in relation to the Covid-19 pandemic will be managed.
- A system is in place to identify Covid-19 specific donations and any stipulations for use.
- Appropriate processes are in place to distribute funds throughout the Health Board and in line with any donation clauses.
- Monitoring takes place to ensure distributed funds are being effectively used.

General Ledger

- Access to the finance system, including the ability to add, remove or amend a user, or to make changes to the coding structure, is appropriately administered.
- A process is in place for managers to request the setup of new users or change existing user's responsibilities (including the removal of access), within the finance system. Requests align to the Health Board scheme of delegation and requests are appropriately authorised.
- Where changes are made to the scheme of delegation, all affected posts holders are identified and their access within Oracle is amended accordingly.
- Following the transfer of former ABM staff to the Health Board and the restructure as a result of the new operating model, users have been appropriately set up on the finance system, with the correct level of access to the various applications required for their post and aligned to the scheme of delegation.
- Changes to the Oracle coding structure are supported by appropriate requests.
- Monitoring of inactive accounts is periodically undertaken, and access removed where necessary.

Capital Asset Register

- A suitable system is in place to record the details of assets owned by the Health Board. Access to the system is restricted.
- A process is in place to notify the capital asset team in order for the system to be updated in a timely manner to record asset movements, additions and disposals.

- Assets are appropriately accounted for including valuation, depreciation and indexation, with periodic reconciliations between capital expenditure and the asset register.
- Asset owners are periodically required verify the asset registers for their area including confirming the asset ID and description, its location, date of acquisition, current life and replacement cost.
- A physical verification of the assets recorded on the system is undertaken on a periodic basis.

3. Associated Risks

The potential risks considered in the review are as follows:

- Reputational damage if funds are not used in line with their intended purpose.
- Financial loss should donations have to be repaid if they are not used in line with Health Board wide financial policies.
- Missed opportunities where funds are not fully utilised.
- Financial loss or inappropriate use of funds where authorisation controls are incorrectly set up.
- Inaccurate financial reporting due to errors in coding structures.
- The capital asset register may be inaccurate, and assets may be incorrectly recorded or valued due to assets being stolen.
- Assets and associated costs are not recorded properly leading to bad financial decisions and poor reporting.

OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with the aspects of the Financial systems reviewed is reasonable assurance.

RATING	INDICATOR	DEFINITION
Reasonable assurance		The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with **low to moderate impact on residual risk** exposure until resolved.

Charitable Funds (Covid-19 related)

We found money had been contributed via various sources into the Covid-19 Charitable Fund. This included personal donations via JustGiving, individual bank transfers and through the NHS Charity Together grant monies. Our testing focussed on personal donations and included those which had specific expenditure instructions attached to them. We found that incoming donations that we tested had been processed correctly. At the time of our fieldwork only a small number of requisitions for expenditure had been processed. Whilst we did not identify any issues from our testing of this expenditure, the specific instructions, made at the time of donation, may not be formally recorded, which could result in the donation not being spent in-line with the donor's intent.

We acknowledge that a large amount of money has been donated to the fund in a relatively short timeframe, when the Health Board was under a high degree of pressure. It appears that, as a result of the environment at that time, there has been a lack of clarity over assigning a fund holder and communicating the responsibilities to the fundholder.

Furthermore, while we understand Welsh Government revenue funding has covered all essential Covid-19 costs, we would have expected to have seen more of the charity money spent in-line with the spirit of the fund in order to meet public expectation.

General Ledger

Information held on the general ledger that we reviewed was appropriately managed and monitored. Appropriate procedures were in place, including access controls for setting up and making changes to the coding structure and setting up and making changes to user profiles.

However, the process for removing inactive users from the system needs to be reviewed as this was not always done in a timely manner as the finance team are rarely informed by managers when a user leaves the organisation or changes role. Instead reliance has previously been placed on the finance team undertaking pro-active monitoring of inactive accounts and distributing user lists for managers to review. This is a time-consuming task and was paused in 2020 due to higher priorities.

Capital Asset Register

Controls in place for the management of the capital asset register are appropriate and are broadly in line with the Financial Control Procedure (FCP). Our testing of additions to, and disposals from, the register confirmed compliance with the FCP.

Our testing identified four assets that had transferred to the Health Board from ABM, that did not have a depreciating life span on the asset register and as such were not being properly accounted for. We understand that this has been rectified. No issue has been raised in relation to this, as this was a one-off event.

We saw evidence of reconciliations between capital expenditure and the asset register taking place each quarter.

This year the capital team have been unable to undertake their normal physical verification of assets exercises as the pandemic risks associated with visiting hospital sites and pressures on front line staff have meant that these have not been possible. However, each quarter asset reports have been sent to managers for review and confirmation of accuracy, though response rates are were generally poor, and due to the circumstances non-returns were not chased during the height of the pandemic. We acknowledge that the capital team are considering alternative, more effective approaches to the verification work.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Assurance Summary					
1	Charitable Funds		✓		
2	General Ledger			✓	
3	Capital Assets Register			✓	

** The above ratings are not necessarily given equal weighting when generating the audit opinion.*

Design of Systems/Controls

The findings from the review have highlighted two issues that are classified as weaknesses in the system control/design for the Health Board's financial systems.

Operation of System/Controls

The findings from the review have highlighted four issues that are classified as weaknesses in the operation of the designed system/control for the Health Board's financial systems.

6. Summary of Audit Findings

In this section, we highlight areas of good practice that we identified during our review. We also summarise the findings made during our audit fieldwork. The detailed findings are reported in the Management Action Plan (Appendix A).

Charitable Funds (Covid-19 related)

We note the following areas of good practice:

- The Covid-19 Charitable Fund was set up in accordance with the Health Board's Scheme of Delegation and approved by the Director of Finance, with a designated fund holder appointed at the time of its creation.
- The fund has been designated its own charitable fund code. Donations made, whether this be via social media, in person, or via the telephone, are allocated to this code. Donation forms are used for individual donations made and allow donors to include any specific instruction of how or where they would like their donation to be used.

- Donations made are recorded on a financial spreadsheet that is provided to the fund holder on a monthly basis. If a donation was made within a specific Integrated Locality Group, this is captured on the spreadsheet.
- For our sample of payments, in all cases requisition or reimbursement forms were in place that had been approved by the fund holder and confirmation sought from finance on availability of funds. Where relevant, VAT exempt items had been identified using a specific form.

We identified the following findings:

- The Charitable Funds procedure needs reviewing and updating to reflect changes to processes that are already in place (Finding 3).
- Donations that are made with a specific instruction are noted by finance, but we could not see this information being formally communicated with the fund holder (Finding 2).
- There has been a relatively low level of expenditure from the fund. The fund holder was not aware they held overall responsibility for all expenditure aspects of the fund. Despite a charitable fund budget report being sent to the fund holder on a monthly basis, it did not appear that monitoring of the fund as a whole was taking place at this level. There are no specific committees or panels in place to oversee fund expenditure and any specific instruction donations that may have been made. (Finding 1)

General Ledger

We note the following areas of good practice:

- We reviewed a systems administration rights report, which confirmed that only staff within the Finance System Team have access to make any changes to the system. We note that a staff member, who is currently absent from work, has been temporarily disabled from the system.
- We reviewed a report showing amendments to the system since April 2020 which confirmed that all changes had been undertaken by an appropriate person.
- There are standard forms in place for requesting new users, changes to user access and terminations, all of which can be accessed via SharePoint. For ease, the Systems team also accept requests via a generic finance email address, or staff can contact the Finance System team directly.
- Our testing of a sample of the set-up of new users and changes to existing user's responsibilities, did not identify any findings.
- Our testing confirmed that the process carried out by the Finance System Team when changes are made to the scheme of delegation was appropriate. Each stage of the process details how the affected

posts holders are identified and how their access within Oracle is amended.

Following scheme of delegation changes, communication via email informing each approver of the adjustments to their approval limit is carried out. Information is also included on the SharePoint news feed.

- Our testing confirmed that for a sample of staff that had transferred from ABMU, they had been set up with the right level of access for the role they were undertaking in the Health Board, and the levels of access were in line with the SoD.

We identified the following finding:

- The process for pro-active monitoring and then removing inactive users from the system has paused since July 2020, partly due to capacity issues within the finance team.

  Sample testing confirmed that in some instances, accounts had been inactive up to 197 days before access rights were removed. The procedure states that after 60 days accounts should be deactivated. (Finding 4).

Capital Asset Register

We noted the following areas of good practice:

- The system used for recording the Health Board's assets is the Real Asset Management (RAM) system. Access is restricted to the Finance Capital team, and the Capital Accountant is the system administrator.
- We tested a sample of additions that had been entered on to the register to ensure that the value and description corresponded to the General Ledger. Our testing confirmed that they all matched.
- We tested a sample of disposals that had taken place to ensure that the process was carried out correctly and in line with the FCP. Where applicable we found that the amendment forms had been completed correctly. Some assets were removed as a result of quarterly reports that had been sent out to the directorates.
- We confirmed that accuracy of the reconciliation between capital expenditure and the asset register that take place on a quarterly basis.

We identified the following findings.

- There is no Capital Asset Register desk top procedure in place for use by the Capital Asset team or any new or temporary staff they may have working with them. (Finding 6).
- In line with the FCP, asset lists were sent to all directorates for verification of their capital assets, yet only approximately 24% of directorates returned their reports. This is in line with previous year's return rates.

Due to Covid-19 and the associated risks, no physical verification of assets by the Capital Asset team has taken place this financial year (Finding 5)

7. Summary of Recommendations

The audit findings and recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	**2**	**3**	**1**	**6**

Charitable Funds (Covid-19 related)

Finding 1 - Monitoring of the Covid-19 Charitable Fund (Operating effectiveness)	Risk
Through our meetings with relevant staff and a review of documentation, it appears there is a lack of clarity in relation to the responsibility for expenditure of the Covid-19 charitable fund donations. We established: • There has been confusion in relation to the fundholder's remit. When the fundholder was set up, it was their belief that they were responsible for spend in relation to staff, and another staff member was going to be set up as the fundholder for patient expenditure. However, the fundholder for patient expenditure was never set up and this this does not appear to have been properly communicated. As such, the one active fund holder has continued in the belief they only have responsibility in relation to staff expenditure. • While the fund holder has received monthly budget reports from finance, we understand that these have not been used, and there has been no engagement with the finance team. For example, there does not appear to have been any discussion between finance and the fundholder with regards to the lack of expenditure from the fund. • We understand that finance believed that a group had been set up to plan and approve the expenditure of the Covid-19 donations, and that the fund holder sat on this group, but this has not happened.	Missed opportunities where funds are not fully utilised. Reputational damage if funds are not used in line with their intended purpose.

• We could not determine what guidance or instructions were given to the fund holder in relation to their responsibilities or the Health Boards expectations. As such there has been no proactive attempts to utilise the donations. At the end of December 2020 approximately 20% of donated money and the NHS Charites Together grants had been spent. Whilst we appreciate that plans are now in place for future expenditure of donated money and grant money received by the Health Board, our concern remains that money may not be spent in-line with the spirit of the funds. The public's expectations when making donations may have been that funds would be used at that time or imminently for the benefit of staff and patients.	
Recommendation	**Priority level**
1. The current fund holder role should be reviewed and if necessary, an additional fund holder added to take responsibility for expenditure on patients. 2. Fund holders should be made aware of the expectations being placed upon them and their responsibilities in line with the Charitable Funds FCP. 3. Plans should be put in place for the prompt expenditure of donations on patients and staff, in line with the likely spirit in which they were originally donated.	**High**

Management Response	Responsible Officer/ Deadline
The Covid-19 fund that was set up when the initial amount was received was set up for the purposes of patient benefit, staff & equipment. This was included on the signed form for the purpose of the fund by the fund holder. We will ensure that it is known that this fund is available for the agreed purposes. It is the responsibility of the fund holder to manage the expenditure of the fund. The monthly reports provide an analysis of committed expenditure of the fund. There are further aspects of Covid-19 charitable fund donations that are being worked through with the relevant officers, these will be confirmed with identified fund holders and committed expenditure in the new financial year in line with expected use of the funds. Additional Covid allocations have been received from WG during the year to fund Covid related expenditure. This has meant that WG funding has been used in the first instance rather than utilising the Charitable Fund. This would allow for its use in coming months when WG funding may not be available. We will identify future commitments for the fund in the coming months.	Fund holder / DDoF / Head of Corporate – Finance – May 2021

Finding 2 - Requirements of donations (Operating effectiveness)	Risk
Donation forms can include a 'specific instruction' that gives details of how or where the donor wishes their donation to be spent by the Health Board. We understand that 'specific instructions' are monitored by finance. Finance provide the fund holder with a monthly budget report that shows where donations have been made for use at a particular hospital site, but there are no details where specific instructions have been made. We tested a sample of donations and note that 3/10 had specific instructions. For example, 'for use in ITU' or 'for use by district nursing'. If such information is not conveyed to the fund holder, donations may not be used in line with the donor's wishes, especially funds are used Health Board wide going forward.	Reputational damage if funds are not used in line with their intended purpose.
Recommendation	**Priority level**
Specific instructions relating to donations should be clearly communicated to the fund holder to ensure donations are spent in accordance with the donors wishes and expectations.	**High**
Management Response	**Responsible Officer/ Deadline**
Evidence gained by IA shows that specific use is identified and included on the forms provided to and signed by the fund holder. However, we will ensure that this is continued to be communicated within the monthly budget reports provided.	Senior Finance Officer – Charitable Funds - Immediate

Finding 3 - Charitable Funds FCP (Control design)	Risk
The Health Board's Charitable Funds Financial Control Procedure (FCP) were used for managing Covid-19 donations. We understand that a revised version of the FCP was due to be taken to the February 2021 Audit and Risk Committee for approval, but this did not happen. Our work has identified a number of areas where the current FCP needs updating and should be considered as part of the FCP revision. We noted: • The FCP requires the CEO to approve the set-up of new funds, including the assignment of a fund holder. However, in line with the Health Board's Scheme of Delegation the Director of Finance has performed this role. The FCP and its appendices need to be updated to reflect this position. • Updated donation forms have been created that capture Gift Aid declarations. This makes Appendix C of the FCP obsolete and Appendix B in need of updating. • Requisition forms have been updated. The related appendix (Appendix D) needs to be updated to reflect the changes. • The FCP refers to the use of Collection and Deposit (C&D) sheets but these are no longer used to record donations. This part of the FCP should be updated to reflect current procedures. Our testing identified one payment that exceeded the requisition value approved by the fund holder. The additional cost of £378, which was approximately 10% extra, was approved by 'finance', and not the fund holder. There is currently no	Financial loss should donations have to be repaid if they are not used in line with Health Board wide financial policies.

information in the FCP relating to tolerance levels within which finance could approve additional costs, or at what level the fund holder's approval should be sought.	
Recommendation	**Priority level**
1. As part of the ongoing review of the Charitable Funds FCP the inconsistencies between the FCP and Scheme of Delegation should be resolved, and updates made where processes and appendices have been amended. 2. Consideration should be given to introducing tolerance levels, below which finance can approve variations in payment values, as opposed to requiring fund holder authorisation. 3. Relevant staff should be made aware of the revised FCP and old copies of forms removed from circulation.	**Medium**
Management Response	**Responsible Officer/ Deadline**
Agreed, FCP needs to be reviewed in line with the Scheme of Delegation and updated.	Head of Corporate – Finance June 2021

General Ledger

Finding 4 - Removal of staff access to the Oracle financial system (Operating effectiveness)	Risk
Staff who no longer require access to the Oracle financial system either because they have changed their role, or have left the Health Board, should have their access removed. There is a termination form, that is accessed through SharePoint, to enable this to happen. However, we understand that the form is rarely completed by line managers when an employee leaves their post. None of the 20 staff that had their access to the financial system removed that we looked at had a supporting termination form. Instead, reliance has been placed on other sources such as: the proactive monitoring of inactive accounts; periodic (every 3 months) distribution of Oracle user reports to managers; and other forms of notification to the Systems Team, such as the request to set up a new user, who is replacing someone who has terminated employment. In addition, the procedure for monitoring inactive accounts states that users who have not signed into the system for 60 days or over, and are not on the exclusions list, should have their access removed. The System Finance team recognise that this can mean that some accounts that are deactivated may require reactivation. Our testing identified accounts that had been inactive for nearly 200 days before being deactivated. We understand that the System Team have experienced capacity issues including staff absence and the implementation of large changes to the system. This has meant that proactive monitoring of inactive accounts and the sending of Oracle user reports to managers has paused. We note that the team have plans in place	Financial loss or inappropriate use of funds where authorisation controls are incorrectly set up.

to more effectively monitor inactive accounts and remove users from the system in the future.	
Recommendation	**Priority level**
The work of the project team to identify and implement alternative process for the timely removal from the financial system of terminated users or users that have changed their role should recommence as soon as possible and changes made to the FCP if necessary. In the meantime, consideration should be given to restarting the periodic issuing of Oracle hierarchy reports to managers asking them to confirm that the details are still correct.	**Medium**
Management Response	**Responsible Officer/ Deadline**
Agreed with recommendation and in line with the FCP, we have actioned the end date of inactive users and a new monthly monitoring process has been put in place which is due to go live this month.	Systems Accountant – March 2021

Capital Asset Register

Finding 5 - Asset verification (Operating effectiveness)	Risk
The Health Board's FCP outlines two asset verification processes: • On a quarterly basis asset reports are sent to directorates. Following receipt of the quarter two report, the Directorate Manager is required to return a signed and dated copy to the capital finance team confirming accuracy and to advise of changes. These reports provide valuable update information to the capital finance team. However, in 2020 only 24% of reports were returned. While this may be due to the pandemic, we understand that response rates have not been much higher in previous years. • On an 18-month rolling cycle the capital finance team visit directorates to undertake physical verification checks. In 2019 verification work focussed on the Princess of Wales hospital site and the assets that had transferred to the Health Board. However, in 2020, no verification work took place due to the pandemic. Following the merger with the Bridgend area the capital finance team have reviewed the 18-month cycle and propose a three-yearly programme that would bring the organisation in line with other health boards. It is apparent that, due to the pandemic, in 2020/21 the level of asset verification work undertaken in the Health Board was minimal.	The capital asset register may be inaccurate, and assets may be incorrectly recorded or valued due to assets being stolen.

Recommendation	Priority level
If there is a move towards less frequent physical verification work by the capital finance team, consideration should be given to other controls: • Reviewing the frequency of requesting directorates (now Clinical Service Groups) to review their asset reports. At the current time reports are issued quarterly with a response required once a year. A move to detailed reports issued every six months and ensuring a greater response rate should be considered. • Liaising with the Clinical Engineering department to cross match assets they have verified as part of their planned preventative maintenance (PPM) cycles of work, allowing the capital finance team to focus their verification efforts on those assets that may not form part of a PPM cycle.	**Medium**
Management Response	**Responsible Officer/ Deadline**
As mentioned in the finding changes are being made to the current FCP regarding the information sent to directorates and the 18-month physical verification cycle. • Asset reports will be sent to directorates biannually rather than quarterly. It will remain that once a year Clinical Service Group Managers are required to return a signed and dated copy of the report to the Capital Accountant. A greater response rate to this will be targeted through regular follow up. • The change to physical verification is moving to a sample physical verification exercise of each directorate on a 3-year rolling period. The FCP	Capital Finance Manager April 2021

will state that this exercise will include an element of physical verification by the Senior Finance Officer but also using data available from Clinical Engineering records of equipment service and maintenance. In addition to this the FCP will state that this exercise will be formally recorded in the asset register which was not the case previously. Note the action and deadline set for this is considered to be through updating the FCP for the above. Evidence of the changes in action would not be seen in full until March 2022	

Finding 6- Desktop procedure (Control design)	Risk
The Capital Asset team do not have a procedure in place for providing information to staff working within the team on the processes required in maintaining the Capital Asset Register.	Assets and associated costs are not recorded properly leading to bad financial decisions and poor reporting.
Recommendation	**Priority level**
Management may want to consider creating a procedure, as it will help strengthen efficiencies, deliver best practice and more importantly it will provide added support should the department have new staff working in that area.	**Low**
Management Response	**Responsible Officer/ Deadline**
Agreed. A manual for the fixed asset register will be created.	Finance Manager. September 2021

Appendix B - Assurance opinion and action plan risk rating

Audit Assurance Ratings

 **Substantial assurance** - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.

 **Reasonable assurance** - The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.

 **Limited assurance -** The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.

 **No assurance** - The Board can take **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **high impact on residual risk** exposure until resolved.

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

* Unless a more appropriate timescale is identified/agreed at the assignment.