ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	12 February 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2010 – Housing Repairs - Voids
REPORT NUMBER	IA/AC2010
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

1.1   The purpose of this report is to present the planned Internal Audit report on Housing Repairs - Voids.

2. RECOMMENDATION

2.1   It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. BACKGROUND / MAIN ISSUES

3.1   Internal Audit has completed the attached report which relates to an audit of Housing Repairs - Voids.

3.2   Management Comments

3.2.1   Management had no further comments to add.

4. FINANCIAL IMPLICATIONS

4.1   There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

5.1   There are no direct legal implications arising from the recommendations of this report.

6.   MANAGEMENT OF RISK

6.1   The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

7.   OUTCOMES

7.1   There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.

7.2   However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

8.   IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9.   APPENDICES

9.1   Internal Audit report AC2010 – Housing repairs - Voids.

10.   REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor
David.Hughes@aberdeenshire.gov.uk
(01467) 537861

Internal Audit Report

Customer

Housing Repairs - Voids

Date of Issue: November 2019   **Report No. AC2010**

EXECUTIVE SUMMARY

According to the Council's Local Housing Strategy 2018-2023, the Council has a stock of 22,041 houses. A large proportion of its stock was built between 1965 and 1982 (41%) with 7% being built since 1982. Stock turnover is low with current lettings averaging about 140 properties per month, equating to an annual turnover of around 7.6%. As at 23 September 2019 there were 391 void properties, 197 of which (50.4%) had an accepted or under offer status. The loss of income due to voids in 2018/19 was £1.230 million compared to a budget of £1.106 million.

The objective of this audit was to provide assurance regarding the process for re-letting void properties and compliance therewith.

Whilst improvements were made up to 2017/18 following implementation of a Void Transformation Action Plan in 2015, the Council's performance in relation to average time to re-let properties, void rent loss, and tenant satisfaction with property condition, worsened in 2018/19 with this remaining below the Scottish average.

The Service has advised that some properties are difficult to let because of their location and nature, including the fact the Council has the second highest proportion of high-rise dwellings amongst benchmarked authorities. Performance monitoring in relation to the void process is being undertaken regularly to address void delays, however instances were identified where required action had not been progressed in a timely manner. The Service has agreed to address this.

A sample of terminations, with and without notice, were reviewed to establish if the properties concerned were re-let in a timely manner. Delays were identified at a number of stages, including completion of the necessary property inspections, commencement and completion of repairs, and in signing leases with new tenants once repairs were completed, the latter being due to delays receiving keys following completion of repairs. In addition, record keeping was not always complete, affecting the ability to monitor performance and ensure delays are addressed. The Service has agreed to improve record keeping, including reasons for delays and to carry out all void actions in a timely manner. The Service has also agreed to review repairs which are causing delays with a view to re-scheduling these until after the property has been let where possible.

Report No. AC2010

1.   INTRODUCTION

1.1   According to the Council's Local Housing Strategy 2018-2023, the Council has a stock of 22,041 houses. A large proportion of its stock was built between 1965 and 1982 (41%) with 7% being built since 1982. Stock turnover is low with current lettings averaging about 140 properties per month, equating to an annual turnover of around 7.6%.

1.2   As at 23 September 2019 there were 391 void properties, 197 of which (50.4%) had an accepted or under offer status. The loss of income due to voids in 2018/19 was £1.230 million compared to a budget of £1.106 million.

1.3   The objective of this audit was to provide assurance regarding the process for re-letting void properties and compliance therewith.

1.4   The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Derek McGowan, Chief Officer – Early Intervention and Community Empowerment, Neil Carnegie, Communities & Housing Area Manager, and Graham Williamson, Operations Manager – Operations and Protective Services.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written Policies & Procedures

2.1.1   Comprehensive written procedures which are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance that correct and consistent instructions are available to staff, important in the event of an experienced employee being absent or leaving. They have increased importance where new systems or procedures are being introduced.

2.1.2   Policies governing Void Control include the Local Housing Strategy 2018-2023, the Lettable Standard Policy, and the Recharge Policy. These are available on the Zone and accurately describe the current processes. However, the Lettable Standard Policy dates from 2013 and according to a report to the Operational Delivery Committee in May 2019 is due to be reviewed. The Recharge Policy dates from January 2014 and the policy advises it should be reviewed annually.

> **Recommendation**
> The Service should ensure that policies are reviewed as scheduled and that this is recorded through version control.
>
> **Service Response / Action**
> Agreed. Recharge Policy to be reviewed in conjunction with Housing Management.
>
> | **Implementation Date** | **Responsible Officer** | **Grading** |
> |---|---|---|
> | March 2020 | Communities & Housing Area Manager / Locality Inclusion Manager | Important within audited area |
> | | Recharge Policy – Operations Manager – Operations and Protective Services | |

2.1.3   Guidance documents for staff dealing with voids are held on the Zone and in the team's shared drive. New or updated procedures are distributed by email or through monthly team meetings of the Voids Performance Group. Staff are trained in the procedures through a tailored induction process and through one-to-one training on the job; training and materials are provided by the Service Development Officer. Copies of training materials were provided and were up-to-date and comprehensive. Records of training provided have been maintained by the Development Officer.

2.1.4   Documents available on the Zone include a Voids Process Flowchart, Voids Guidance, and the Housing system (NPS) Handbook. These cover the administration of data within the Housing system and are clear and readily available. However, the Voids Guidance document refers to two members of staff by name rather than role; if these officers leave or change their role there is a risk that information will not be sent to the correct person.

> **Recommendation**
> Job titles should be used in guidance rather than staff names.
>
> **Service Response / Action**
> Agreed.

Implementation Date	Responsible Officer	Grading
December 2019	Operations Manager – Operations and Protective Services	Important within audited area

2.1.5   Further procedures and template documents are available in the Housing team's shared drive.   Procedures covering standard checks and abandoned tenancies are comprehensive and up-to-date, with template documents attached.

2.2   Tenancy Termination Notices

2.2.1   Tenants are required to give 28 days' notice of termination in writing, although a shorter period may be agreed with the Council. If less notice is given, the Service has the right to continue to charge for the full 28 day period. Once notification of termination has been received, a void record is created in the Housing system by a Void Control Officer and set as provisional until the termination date has been reached and the keys returned by the tenant. Before the termination date, a pre-termination inspection should be carried out to identify works required to ready the property for re-let and any actions that need to be taken by the tenant before leaving.

2.2.2   A sample of 25 notified terminations was selected at random from the Housing System and these were reviewed to confirm that procedures had been correctly followed.

2.2.3   In 3 cases less than four weeks' notice was given by the tenant. In the first case the tenant had requested a transfer on health grounds some time previously; when they were offered a place outwith the Council area a shorter notice period was accepted in order to facilitate the move. Similarly, a short notice period was permitted due to the tenant's health in the second case. For the third case, the tenant returned the keys to the office when notifying of the termination of tenancy. In this instance the tenancy should have continued for the 28 day notice period and rent charged for this period.

> **Recommendation**
> Former tenants should be charged for the termination notice period of 28 days unless there's express agreement.
>
> **Service Response / Action**
> Agreed. The tenancy should run for the 28 day notice period with rent continuing to be paid.
>
> | Implementation Date | Responsible Officer | Grading |
> |---|---|---|
> | March 2020 | Locality Inclusion Manager | Important within audited area |

2.2.4   In all cases reviewed, all keys had been returned on or before the termination date. In two cases, personal possessions were left by the tenant; these were recorded and disposed of appropriately.

2.2.5   Pre-termination inspections were not recorded in the Housing system for sixteen of the properties sampled. These checks are described as a "Critical Event" in the Voids Guidance and should be carried out wherever possible, recorded in the system, and a reason provided if no inspection was possible. If pre-termination inspections are not carried out there is a risk that work which should be carried out by the tenant before leaving will have to be undertaken by the Council after the tenancy ends, increasing the void period, and it may not be possible to recover costs incurred.

> **Recommendation**
> The Service should ensure that pre-termination inspections are carried out and recorded for every property and reasons are recorded if not possible.
>
> **Service Response / Action**
> Agreed. Voids guidance has been revised and will be issued to staff with further instructions on its use.
>
> | **Implementation Date** | **Responsible Officer** | **Grading** |
> |---|---|---|
> | December 2019 | Locality Inclusion Manager | Significant within audited area |

2.3   Terminations Without Notification

2.3.1   Terminations may not be notified to the Service by the tenant in some cases, for example deaths, evictions and abandonments. The Service request that they are notified of deaths as soon as possible, either in a Council Notification of Death form or through the "Tell Us Once" Service provided by the Council's Registrars Service on behalf of the DWP, who will notify all relevant Government bodies of the death. If someone is eligible to inherit the tenancy through succession this can be applied for using a specific form; otherwise the estate has 14 days to clear the property after which a charge equivalent to the rent due for the period will be imposed for a "licence to occupy".

2.3.2   Abandoned properties are identified through neighbour reports or officer visits; an Abandonment Notice must be served by two officers giving 28 days to prove occupation, after which a Termination Notice will be served, again by two officers, and the locks changed.

2.3.3   Evictions terminate the tenancy on the first Sunday after the date of eviction; a tenant can only be evicted after a Notice of Proceedings has been served and a court order granted. Any items left in the property will be inventoried then disposed of or stored for six months, depending on value; this is currently at the assessing officer's discretion. Tenants will be recharged the cost of storage or disposal and their forwarding address should be obtained wherever possible.

2.3.4   Eight of 25 sampled terminations (2 deaths, 2 evictions, 4 abandonments) were not fully supported by scanned paperwork, meaning that it was not possible to verify that data input to the system was accurate and that procedures had been correctly followed. These are considered in more detail below.

> **Recommendation**
> The Service should ensure that all paperwork relating to tenancy terminations and void control is fully completed, retained and scanned into the Housing system.
>
> **Service Response / Action**
> Agreed.
>
> | **Implementation Date** | **Responsible Officer** | **Grading** |
> |---|---|---|
> | December 2019 | Locality Inclusion Manager | Significant within audited area |

Deaths

2.3.5   Eight of the voids reviewed were caused by the death of the tenant. In all these cases the death was promptly notified and acted upon. For six cases, data from submitted

paperwork had been input to the system accurately and verification checks were recorded; in two cases the paperwork had not been scanned into the system. In one case, no events had been entered into the Void screen with the exception of the termination date. Dates were identified from the scanned paperwork attached to the associated tenancy. If Void Events are not entered into the system there is no evidence that the appropriate process was followed or targets achieved.

Recommendation
The Service should ensure that all Void Events are entered into the Void Record in the Housing System.

Service Response / Action
Agreed.

Implementation Date	**Responsible Officer**	**Grading**
December 2019	Locality Inclusion Manager	Significant within audited area

---

2.3.6   In six cases there was no succession and a rent relief period of fourteen days was allowed for the property to be cleared. The property was not cleared within the given period in three cases and was not recorded as cleared in one. Only one of these showed a charge being made for the additional period (as detailed in paragraph 2.3.1, above). For another, the property was cleared by the Council; for the remaining two, there was no paperwork to indicate whether a charge had been applied. The Service advised that in these cases the deceased tenant had left little or no estate and the family circumstances meant that clearance within fourteen days was not possible. The Terminations procedure states that a senior member of staff has discretion over whether a licence fee should be raised in these circumstances.

Recommendation
The Service should ensure that charges are applied for licences to occupy where the 14 day rent relief period after the death of a tenant has expired, or ensure that the reasons for not making a charge are detailed in the system.

Service Response / Action
Agreed.

Implementation Date	**Responsible Officer**	**Grading**
December 2019	Locality Inclusion Manager	Important within audited area

---

Eviction

2.3.7   Nine of the reviewed voids were the result of an eviction. In all cases a court order had been obtained appropriately and timeously. In seven cases the notices were dated appropriately; in two, the Eviction Notices and court documents had not been scanned into the system and so dates could not be confirmed. In both of these cases there was no record of whether items had been left by the tenants and, if so, how these had been disposed of.

Abandonment

2.3.8   Eight of the reviewed voids were due to abandonment of the tenancy. In one case no paperwork relating to the abandonment had been scanned into the system so it was not possible to confirm that procedure had been followed. For all other cases the report of abandonment was followed up promptly and the first Abandonment Notice was authorised

and hand delivered by two members of staff. However, in two cases there was no record of a Termination Notice being issued or delivered.

Recommendation
The Service should ensure that both the Abandonment Notice and the Termination Notice are issued and delivered as required and are both fully recorded in the Housing system.

Service Response / Action
Agreed.

Implementation Date	Responsible Officer	Grading
December 2019	Locality Inclusion Manager	Significant within audited area

2.3.9   Possession was taken timeously and the property secured for all abandoned properties where records were available, and details were accurately recorded in the system. Where possible, attempts were made to recharge costs incurred by the former tenants. Inventories were made of items left in six of the abandoned properties where records were scanned, although in one case only one member of staff had signed the inventory. In another two cases no paperwork related to inventories had been scanned into the system. If inventories are not taken, or only one member of staff signs the inventory sheet, staff are not adequately protected.

Recommendation
The Service should ensure that inventory sheets are signed by two members of staff and scanned into the Housing system.

Service Response / Action
Agreed.

Implementation Date	Responsible Officer	Grading
December 2019	Locality Inclusion Manager	Significant within audited area

2.4   Void Repairs & Re-Letting

2.4.1   The Allocations and Building Services teams should be alerted as soon as a void has been created, whether this is through the tenant giving notice, the death of the tenant, or through Council action such as notice of eviction or abandonment. The Allocations and Building Services teams are emailed when the void is created, with this date recorded in the Housing system, and are then sent automatic alerts by the system when trigger void events such as "Keys Returned By Repairs" are input. This is in order to identify a suitable new tenant and make an offer as quickly as possible, the goal being to have a provisional offer accepted before the property is ready to be re-let, and have arrangements in place for the new tenancy to begin as soon as the property has been brought to a lettable standard. The works required to reach this standard should be established by Building Services through a pre-termination inspection and the subsequent initial void inspection (see paragraph 2.4.5).

2.4.2   The nature of the required works identified during pre-termination and void inspections determines the appropriate void path to be input by Housing. Void paths are ROUT or routine voids; DETH for all terminations due to the death of the tenant; and MAJW for properties requiring rewiring, a central heating upgrade, or conversion to "amenity standard" which is similar to sheltered housing but in a single property. Critical void events are automatically assigned target dates by the system depending on the void path chosen.

2.4.3   Target dates for Void Events as set by the system appear in the Void Events screen while the actual completion date should be manually input when confirmed by Building Services or Housing officers, as appropriate, and will then appear in the next column in the record. According to the Voids Guidance, all delays to completion of critical void events must be input to the Void Events record with extension dates and reasons.

2.4.4   Void works cannot begin until the keys have been returned by the outgoing tenant, or possession has been obtained through court order. In all cases locks should be changed as soon as the keys have been returned in order to maintain the security of the property.

2.4.5   As soon as the property becomes void a Termination Pack with the new keys and a Change of Tenancy (CoT) form should be provided to the Building Services team in order for them to carry out a full void inspection and identify necessary repair or maintenance works before the property is ready to re-let. This form is kept in the paper file during the works then scanned to the former or new tenant's record in the Housing system, depending on when the works are completed. If works are being carried out post-void the incoming tenant should approve this. Once the works are completed a Final Inspection should be carried out, following the Final Inspection Checklist, and the date recorded on the CoT form.

2.4.6   The 50 properties selected for review were checked to confirm that the void was processed timeously and appropriately and that the void period was kept to a minimum. In all cases both Allocations and Building Services were informed when the void was created; offers were made by Allocations promptly thereafter in all but one case, and works were scheduled by Building Services.

2.4.7   As of 30 September 2019, only one property reviewed had not been offered to a prospective tenant; it was noted in the Housing system record that this property was a "sensitive let" with particular requirements for a suitable tenant and there was no-one suitable on the waiting list. Three other properties were still void, all of which had been provisionally accepted but were waiting for the keys to be returned from Building Services in order for the tenant to inspect the property and confirm the acceptance.

2.4.8   In all cases where a full inspection was required, this was carried out once the property was in the Council's possession. However, in thirteen cases the first void inspection was made more than seven days after the termination date. Failure to begin works within the target timescale leads to properties being void for longer and increases loss of income.

Recommendation
The Service should ensure that properties are inspected by Building Services as soon as they become void.

Service Response / Action
Agreed. Housing Management in partnership with Building Services will develop a process to ensure operational teams inspect properties as soon as they come void.

Implementation Date	**Responsible Officer**	**Grading**
December 2019	Operations Manager – Operations and Protective Services	Significant within audited area
	Locality Inclusion Manager	

2.4.9   The Housing system automatically assigns a target date of 14 days for routine voids to repair and a further 7 days to re-let. 43 voids were classed as routine but only 5 of these were repaired to lettable standard within 14 days. A further 13 were repaired within 31

days; the remaining 25 were repaired between 32 and 149 days after the termination date. In most cases it was not clear why there was a delay as no reason or extended target date was input to the Voids Event tab as required in the Voids Guidance.

Recommendation
The Service should ensure that where target dates for Void events are amended or not met, the appropriate extension code is used and reasons provided in the Notes field.

Service Response / Action
Agreed

Implementation Date	**Responsible Officer**	**Grading**
December 2019	Operations Manager – Operations and Protective Services	Significant within audited area

---

2.4.10　The Service advised that in all but two of these 38 cases, details of the works required had been retained and were significant, though not sufficient to qualify as Major Works. However, the Void Events timescales had not been amended or reasons input. In the other two cases no reason for the delay was given.

Recommendation
The Voids repairs process should be reviewed to identify repairs causing delays and where possible schedule these to begin after the new tenancy has commenced.

Service Response / Action
Agreed. Void categories will be reviewed.

Implementation Date	**Responsible Officer**	**Grading**
December 2019	Operations Manager – Operations and Protective Services	Significant within audited area

---

2.4.11　In all cases where scanned paperwork was available, repairs had been checked and approved by a Building Services Team Leader and safety certificates recorded.

2.4.12　In 20 cases, re-letting took over 7 days once repairs were completed. No explanation was provided in the Housing system for these delays but notes in five of the records indicated that multiple offers had been refused while a sixth required a new set of keys after the works had been completed, causing a minor delay. However, nine over-ran after a delay between the offer being accepted and the lease being signed, while for the remaining five no explanation was found in the system. The Service advised that in all fourteen of these cases the delay was due to a shortage of Admin staff to accept keys and input Void Events to the system.

Recommendation
The Service should ensure that leases are signed as soon as possible after offers are accepted.

Service Response / Action
Agreed. Established timescales are already in place and will be reinforced to staff.

Implementation Date	**Responsible Officer**	**Grading**
December 2019	Locality Inclusion Manager	Significant within audited area

---

2.5 Monitoring and Reporting

2.5.1 Void and performance monitoring is undertaken at least weekly by the Quality Assurance and Performance Management (QA&PM) team. Monitoring reports which show overdue void events are produced every Monday by the QA&PM team and sent to the relevant local management team for action. A report is also run showing voids by area and this is recorded in a tracking spreadsheet. Copies of reports were provided by the Service and were detailed and comprehensive, with lists and numbers of void properties.

2.5.2 The Service has a "Task Tracker" which is used to monitor staff performance. Void Performance meetings are held at least once a month to review key performance indicators and also consider reports on void numbers and statistics. Regular reports are made to the Operational Delivery Committee as part of overall performance monitoring for Operations. The task tracker and copies of meeting schedules, minutes and reports were reviewed and were regular, detailed and comprehensive.

2.5.3 However, while actions were identified to address performance issues, they were not always carried out effectively. For example, task 131/18 was created in August 2018 in response to delays in key handovers between Housing and Building Services. A representative from Customer Experience was to be invited to the Voids Performance meeting in July 2019 to provide input to a new process map but did not attend until the meeting in September 2019, meaning that no further progress could be made on this task.

2.5.4 Further, task 165/19 concerns a review of Void path categories and timescales and was created in April 2019. The meeting on 17 July 2019 noted that documents of a meeting between Housing and Building Services on revised timescales would be distributed "by the end of the week" i.e. 19 July. However, at the meeting on 14 August 2019 it was advised that documents had still not been distributed and no progress had been made, and the Service advised that this was still the case in September 2019.

2.5.5 Although monitoring is detailed, with issues and actions being identified and responsibilities appropriately assigned, if actions are not followed up promptly and fully there is a risk that performance will not improve.

Recommendation
The Service should ensure that where tasks are created to address identified performance issues, they are carried out fully and timeously.

Service Response / Action
Agreed

Implementation Date	**Responsible Officer**	**Grading**
Implemented	Communities & Housing Area Manager	Significant within audited area

2.5.6 In a report to the Communities Housing and Infrastructure Committee in October 2015 it was identified that the Council's performance had declined year on year until average time to re-let was more than twice that of the average of the benchmarking group of other Scottish Local Authorities reporting to the Scottish Housing Regulator. The Council's average time was 92.5 days, as opposed to an average of 36.88, with the next highest number of days being 77.5 and 66.

2.5.7 As a result, a Void Transformation Action Plan was implemented. The aim was to analyse processes and performance to create an evidential basis for improvement planning; to establish specialist teams and enhance employee development and training; and increase the number of inspections and completed checklists to increase efficiency and tenant

satisfaction. In a report to the Communities, Housing and Infrastructure Committee on 19 May 2016 it was reported that this approach had succeeded in reducing void rent loss as a percentage from 1.92% (£1.53m) in 2014/15 to 1.66% (£1.36m) in 2015/16. By 2018/19 the percentage was 1.47% (£1.23m) compared to the target for the year of 1.0%.

2.5.8   The Council uses standards and outcomes set by the Scottish Social Housing Charter (SSHC), introduced by the Housing (Scotland) Act 2010, to measure performance. Data is submitted to the Scottish Housing Regulator who collates data from all Councils for benchmarking purposes. The following table shows the data for 2017/18 and 2018/19:

Measure	Target	ACC 2017/18	ACC 2018/19	Scottish Average 2018/19
Average time to re-let	46.0 days	49.9 days	53.8 days	31.9 days
Void rent loss	1.00%	1.19%	1.47%	0.88%
New tenant satisfaction with property condition	75.0%	64.4%	63.8%	90.8%

2.5.9   The above indicates that significant performance improvements were made up to and including 2017/18 but that the position worsened in 2018/19.

2.5.10   The Service advised that some properties are difficult to let because of the location or the nature of the property. For example, the Council has the second highest proportion of high-rise dwellings amongst benchmarked authorities, many of which are designated as sheltered housing, which are particularly difficult to let. Some incentives are available, for example assistance with moving or a decoration allowance, but as the overall budget for this is £50,000 per year these are kept to a minimum. Properties are occasionally advertised through the HomeHunt network, in partnership with Castlehill Housing Association, as a means of alternative advertising.

AUDITORS: D Hughes
              A Johnston
              L Jarvis

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited. Financial Regulations have been consistently breached.
Significant within audited area	Addressing this issue will enhance internal controls. An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on a system's adequacy and effectiveness. Financial Regulations have been breached.
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.

Report No. AC2010