

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	12 February 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2001 – Income Generation
REPORT NUMBER	IA/AC2001
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 Income Generation.

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 Income Generation.

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 AC2001 – Income Generation.

10. REPORT AUTHOR DETAILS

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Internal Audit Report

Cross Service

Income Generation

Issued to:

Steven Whyte, Director of Resources
Andy MacDonald, Director of Customer Services
Rob Polkinghorne, Director of Operations
Jonathan Belford, Chief Officer – Finance
Fraser Bell, Chief Officer – Governance
External Audit

EXECUTIVE SUMMARY

The Council is required under section 108(2) of the Local Government (Scotland) Act 1973 and Section 93(3) of the Local Government Finance Act 1992 to set a balanced budget each year.

As part of this process the Council has sought to identify new ways of generating additional income, or making savings, to cover rising costs of providing services.

The agreed options for doing so are presented in appendices as part of the annual revenue budget and approved by Council in February / March each year. As part of the options, income generation opportunities amounted to £2,317,000 in 2017/18, an additional £1,775,000 in 2018/19, and a further £1,644,000 from the 2019/20 budget.

The objective of this audit was to provide assurance that budgeted income generation is based on robust assumptions and is being realised. This has not always been the case.

Not all proposals were sufficiently clear, and there is limited evidence of detailed planning in advance for the delivery of projects to raise additional income, putting achievement of planned savings and associated budgets at risk. Whilst budgets are regularly monitored, there has been no specific monitoring of detailed options in 2019/20.

Finance has stated that a new process is in place for documenting plans for 2020/21 budget proposals, and it will be implementing additional monitoring of delivery of milestones for significant material budget options (those in excess of £250,000).

Changes to the budget were agreed by Corporate Management Team (CMT) in June 2017, amounting to £11.386 million, which included reversing some of the savings and income generating options which had been agreed by Council in February 2017, and replacing them with alternatives. Further post-budget adjustments were made during 2018/19 relating to restructuring and the allocation of procurement savings.

Although Committees were advised as part of the Quarterly Financial Statements during 2017/18 and 2018/19 that virements had been made, they have not been provided with the detail, nor have they been asked to approve the reinstatement of budgets which had, through the application of savings / income generation options, been deleted or otherwise adjusted as part of the budget setting process. These changes were insufficiently transparent, and represent a breach of Financial Regulations in respect of budget virements.

Finance has stated that the adjustments have been reflected in the forecast out-turns and the total financial statements and monitoring position were not compromised. As part of the review of Financial Regulations the virements treatment will be reviewed and a new process put in place to ensure that this is complied with

1. INTRODUCTION

- 1.1 The Council is required under section 108(2) of the Local Government (Scotland) Act 1973 and Section 93(3) of the Local Government Finance Act 1992 to set a balanced budget each year.
- 1.2 As part of this process the Council has sought to identify new ways of generating additional income, or making savings, to cover rising costs of providing services.
- 1.3 The agreed options for doing so are presented in appendices as part of the annual revenue budget and approved by Council in February / March each year. As part of the options, income generation opportunities amounted to £2,317,000 in 2017/18, an additional £1,775,000 in 2018/19, and a further £1,644,000 from the 2019/20 budget.
- 1.4 The objective of this audit was to provide assurance that budgeted income generation is based on robust assumptions and is being realised.
- 1.5 The following sample was reviewed to establish whether; the budgeted income was evidence based, that plans were in place to implement the new income stream, that the income stream was appropriately monitored, that action was taken where income streams were not producing the required level of income, whether the income generated met the budgeted income, and that lessons learned from previous years' were factored into the production of subsequent budgets.

Agreed Income Option	Budgeted Value
2017/18	
Building Services Trading Account additional income	£1,000,000
Building Standards additional income	£50,000
Council Tax additional recoveries	£200,000
City Wi-fi sponsorship	£200,000
Beach Ballroom franchise opportunity	£324,000
2018/19	
Sponsorship / Advertising	£150,000
2019/20	
Graphic Design	£170,000
Education Transport – out of zone charges	£83,000
Garden Waste collection charges	£816,000
Naming Rights for Council buildings	£75,000

- 1.6 Detailed findings in respect of the selected sample are presented in Appendix 1.
- 1.7 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Steven Whyte, Director of Resources; Jonathan Belford, Chief Officer – Finance; and Carol Smith, Accounting Manager.

2. FINDINGS AND RECOMMENDATIONS

2.1 Planning and Assumptions

- 2.1.1 Internal Audit anticipated that income generation opportunities would only have been put forward where there was a reasonable expectation that they could be achieved, with a clear audit trail of options appraisal, on which Officer and Council approval could place reliance. However, the nature of the budget setting process and the presence of additional cost pressures and external factors mean that estimates have to be made, and plans put in place to meet budgeted expectations may not fully align with the original estimates.
- 2.1.2 Plans may therefore change from those envisaged before the budget is set, but without sufficiently detailed plans, in advance of or sufficiently early in the new financial year, income streams may not be achieved in full, presenting a risk to the achievement of the budget.
- 2.1.3 There is limited evidence of detailed planning in advance for the achievement of additional income. Plans / project teams were in place for only two of the four agreed new revenue streams / cost savings for 2019/20 selected by Internal Audit. Two of six previous years' options had not progressed, indicating they had also not been through rigorous planning and project management in order to deliver the anticipated outcomes.
- 2.1.4 In some cases, a prudent estimate had been calculated based on knowledge of the potential market. In others it was not clear that the viability of the option had been fully explored in advance. Supporting calculations were only available for four out of the ten options. For the remainder, officers charged with their delivery were unclear of the basis for the budget adjustment due to service and staff changes, or were otherwise unable to provide supporting detail.
- 2.1.5 It will be more difficult to ensure savings or additional income are delivered if plans are not put in place timeously, providing clarity on the operational, financial and risk assumptions.

Recommendation

Clear plans should be produced timeously for all agreed income generation options.

Service Response / Action

Agreed. This process is in place for all 2020-21 budget proposals in the budget setting approach.

Implementation Date

March 2020

Responsible Officer

Chief Officer – Finance

Grading

Significant within audited area

- 2.1.6 It is important that planned material changes to the budget are set out clearly for consideration as part of the budget process. Changes in the format of the budget setting papers between 2017 and 2019, and progressing with existing planned saving / income generation options agreed in previous years, meant that fewer additional options were set out in 2018/19 than had been the case in 2017/18. The 2019/20 budget set out the list of options in more detail. Using a similar format in future years would continue to provide more clarity on plans for change. Finance has stated that this approach is ongoing.
- 2.1.7 Further changes to the budget were agreed by Corporate Management Team (CMT) in June 2017, amounting to £11.386 million, which included reversing some of the savings and income generating options which had been agreed by Council in February 2017, and replacing them with alternatives. Further post-budget adjustments have been made during 2018/19 relating to restructuring and the allocation of procurement savings.

- 2.1.8 Although Committees were advised as part of the Quarterly Financial Statements during 2017/18 and 2018/19 that virements had been made, they have not been provided with the detail, nor have they been asked to approve the reinstatement of budgets which had, through the application of savings / income generation options, been deleted or otherwise adjusted as part of the budget setting process. These changes were insufficiently transparent, and represent a breach of Financial Regulations in respect of budget virements.

Recommendation

All material changes to budget options should be reviewed by Council / Committees in accordance with the scheme of virement set out in the Financial Regulations.

Service Response / Action

Agreed as follows: These adjustments have been reflected in the forecast out-turns and the total financial statements and monitoring position were not compromised. As part of the review of Financial Regulations the virements treatment will be reviewed and a new process put in place to ensure that this is complied with.

Implementation Date

June 2020

Responsible Officer

Chief Officer – Finance

Grading

Major at a Corporate Level

- 2.1.9 The Building Services budget sets out plans which in light of recent deficits, despite planned savings, mean that it is unlikely to break even over a three-year period as required by the Local Government in Scotland Act 2003.

Recommendation

Building Services should review its budget plans to ensure it can break even over a three year period.

Service Response / Action

For management accounting purposes, the reduction in income did not result in a deficit but the surplus was not achieved at the level anticipated. For statutory accounting purposes, because of the statutory accounting adjustments (primarily pension related) the Building Services service did not achieve a 3-year rolling surplus over the last 3 years.

Further to consideration of the nature of the service, that it primarily provides building repairs for council Housing Revenue Account properties, the service has been designated as an 'other' trading account and not a significant trading account. Hence it is not required to meet the breakeven test. The external auditors have agreed this change for our final accounts 2018/19.

Agreed: The Building Services function with Finance continues to review its profitability and cost recovery position. This review will be completed as part of the 2020-21 budget setting process.

Implementation Date

March 2020

Responsible Officer

Chief Officer – Finance

Grading

Significant within audited area

2.2 Realisation and Monitoring

- 2.2.1 Budget holders are regularly provided with budget monitoring information from the financial system, and are supported by Finance to identify and take action to address any forecast variances from budget.

- 2.2.2 Finance had additional savings tracking mechanisms in place during 2018/19. These largely focused on staff changes through transformation, and the allocation of procurement savings, but also included review of asset management, and elements of income generation. The tracker showed that the identified income generation opportunities were not being achieved and plans were not being sufficiently progressed to achieve them. There were no records on the tracker of mitigations being applied.
- 2.2.3 Except in limited instances, Services have not separately monitored delivery of their income generation options. There is a risk that focus on the bottom-line budget for a function could lead to alternative actions taking place in lieu of the originally agreed action. These may not be sustainable or achieve the intended outcomes.
- 2.2.4 Without specific monitoring in place, it may be difficult to tell whether the expected income is being achieved, and to put in place countermeasures should this not be the case. Finance has stated that for 2019/20 progress with delivering income generation projects is being tracked and updated regularly using a new process and system. It was not possible to obtain evidence of this in operation.

Recommendation

Savings / income generation delivery should be monitored, and relevant action taken in the event of anticipated variances.

Service Response / Action

Agreed.

All material budget options are monitored through overall budget monitoring, although there has not been specific monitoring of detailed options in 2019-20.

It is proposed that significant material budget options be separately monitored with milestones for 2020-21 budget proposals by Finance – proposed de minimis £250k.

Implementation Date

April 2020

Responsible Officer

Chief Officer – Finance

Grading

Significant within audited area

- 2.2.5 In the absence of specific monitoring, income streams may continue to be included or added to in future budget assumptions when they are no longer viable. It is not clear that lessons are being learned and future budgets adapted based on previous planned income streams and the success or otherwise of their implementation.

Recommendation

Progress with achieving income generation options should be factored into future budget assumptions.

Service Response / Action

Agreed. The 2020-21 budget process includes a full review of all income streams to ensure that future budgets are adapted based on the latest information. This proposal has been implemented by the building of budgets in the ledger.

Implementation Date

Implemented

Responsible Officer

Chief Officer – Finance

Grading

Significant within audited area

- 2.2.6 Internal recharges have been included as ‘additional income’ in some areas of the budget. Whilst these will represent additional budget for those services, they represent an

additional cost to other parts of the Council. It was not clear in the budget setting papers that these were internal.

- 2.2.7 In one instance the addition of a new charge that was not approved by Council in the changes to fees and charges remained within the budget in error. The Service is reviewing this in conjunction with Finance, but there are no other available income options in this area. Had this income generation option been more transparently labelled it is less likely that this would have occurred.

Recommendation

Budget proposals should be sufficiently transparent.

Service Response / Action

Agreed. This process is in place for all 2020-21 budget proposals in the budget setting approach.

Implementation Date

March 2020

Responsible Officer

Chief Officer – Finance

Grading

Significant within audited area

AUDITORS: D Hughes
C Harvey
C Johnston

Appendix 1

3. INCOME GENERATION OPTIONS (Sample)

3.1 Building Services (2017-18 onwards)

- 3.1.1 It was not possible to obtain details from the Service regarding the basis for and delivery of the planned additional income from 2017/18 onwards.
- 3.1.2 Review of the financial system and the unaudited annual accounts for 2018/19 shows that whilst the 2017/18 budget indicated an additional £1,000,000 would be achieved by the Service, the revised 2017/18 income budget was amended by £1,371,000. For 2017/18 the actual outturn was £29,401,000 against budgeted income of £29,612,000, indicating the revised budgeted income was not fully achieved, although the original saving appears to have been accommodated.
- 3.1.3 For 2018/19 the outturn (provisional) was £30,264,000 against budgeted income of £29,612,000 indicating the saving was achieved.
- 3.1.4 Although the budget has generally accommodated the planned income generation option, in both years expenditure exceeded income for Building Services, resulting in overall deficits on the trading account. As a significant trading operation, it is a statutory requirement of the Local Government in Scotland Act 2003 that the account breaks even over a rolling three-year period. The unaudited accounts indicate an overall deficit over the three-year period 2016-2019. Finance has stated that Building Services has been moved to 'Other trading operations' in the audited annual accounts as a result.
- 3.1.5 The Service provides a range of services for emergency response, planned maintenance and improvement of buildings including the Council's housing stock and operational buildings. Whilst a proportion of the activity will be within the ring-fenced Housing Revenue Account, which is balanced through council house rental income, the remainder is a charge to the General Fund as revenue or capital expenditure. Only a small proportion of income is obtained from private parties. Additional income is therefore at the expense of other Council services, and does not present a recurring saving overall.
- 3.1.6 For 2019/20 the budget has reduced to £29,121,000 of income and £27,514,000 of expenditure. Whilst this indicates a planned surplus of £1,607,000, this will need to be exceeded if the trading account is to break even over the three years 2017-2020.

3.2 Building Standards (2017/18 onwards)

- 3.2.1 The majority of Building Standards fees and charges are statutory, leaving limited room for maximising income through increasing them. In 2017/18 the Service planned to utilise additional capacity in order to achieve £50,000 of income, by completing verification work for another local authority – for which a contract was in place.
- 3.2.2 Whilst income of £57,000 was generated between 2017/18 and 2018/19, £50,000 per annum was not achieved. The revenue stream came to an end in January 2018 due to changes in the capacity of the team to undertake this additional work.
- 3.2.3 The requirement to achieve £50,000 of additional income remains in the Building Standards budget for 2019/20, and the Service is looking at other areas for income generation but has no plans currently in place. In the absence of plans ready for implementation at the start of the financial year, it will be more difficult to achieve the full year's saving and budget.

3.3 Council Tax Recovery (2017/18 onwards)

- 3.3.1 It was intended to collect an additional £200,000 in Council Tax arrears through investment in additional staff. Specific plans to demonstrate how additional income would be generated, and monitoring to show how it had been, were not available.
- 3.3.2 Although Council Tax income increased between 2016/17 and 2017/18 it is not possible to separate any benefit obtained from additional staff from other changes including growth in the tax base and reductions in available discounts. The collection rate did not increase in respect of in-year or arrears of Council Tax, and overall income was lower than budgeted. The number of staff has since reduced, although the level of budgeted income has not.

3.4 Wi-fi Sponsorship (2017/18 onwards)

- 3.4.1 Free visitor Wi-fi within Aberdeen City was implemented in 2014 and the contract extended for 2017/18 at a cost of approximately £200,000. It was anticipated that this could be funded through sponsorship, however this was not achieved. Plans and supporting calculations / consideration of viability were not available.
- 3.4.2 The Service has stated that the budget line has been moved to IT / Digital and is no longer required to generate income. The Service is considering options for in-house management of the service to reduce costs.

3.5 Beach Ballroom (2017/18 onwards)

- 3.5.1 Reduction of the subsidy towards the Ballroom was identified as part of a suite of potential savings opportunities as part of a commercial income review in 2017, and revisions to the level of fees and charges were implemented.
- 3.5.2 The Beach Ballroom was intended to achieve a saving of £324,000 within 2017/18. During that year it was identified that this could not be delivered, and the savings requirement was reduced to £100,000 – a reduction of £224,000.
- 3.5.3 Finance has stated that this was part of £11 million of cost pressures identified by Chief Officers and agreed with Corporate Management Team (CMT) in June 2017, which were subsequently recognised in the budget with compensating new savings options built in elsewhere. In effect these reinstated or increased budgets in some areas where savings had originally been agreed by Council (including this one), whilst reducing them in others. In 2018/19 various further adjustments were made, although these generally related to service restructuring as part of implementation of the Target Operating Model, and allocation of third party spend savings.
- 3.5.4 In-year revisions to budgets and savings plans were not explicitly presented to Council or a Committee during 2017/18 or 2018/19. For example:
- 3.5.5 In October 2018 the City Growth and Resources Committee was advised as part of the Quarterly Financial Statement that *“Savings realisation and tracking at the half year point indicates significant progress being made towards achieving all the savings that were agreed, with over 75% so far captured”*. This related mainly to reductions in staffing, asset management costs and procurement savings. It was also told that *“there were cost and demand pressure areas highlighted in Quarter 1 reporting that at the end of Quarter 2 continue to be challenging to manage in-year”*. CMT was therefore advised by the Chief Officer – Finance to stop and reduce General Fund spending wherever possible.

- 3.5.6 The appendix to the Quarterly Financial Statements in October 2018 and February 2019 set out that *“It should be noted that the full year budgets reflected above differ from those set by Council in March 2018 for a number of reasons. This is normal practice during the year as virements are identified. The main changes at present relate to the allocation of third party spend savings which were held within Commissioning at the time the budget was set across other Functions.”* Similar notes regarding the stated budget being different from that originally set were included in each of the 2017/18 Quarterly Financial Statements.
- 3.5.7 The Financial Regulations require that virements (transfers between budgets) in excess of specified thresholds must be reported to, or approved by (dependent on type and value), Service Committees. Virements cannot be used to reinstate an item deleted by Council during budget considerations unless approved by the relevant Council Committee(s). Although there is reference within the Quarterly Financial Statements to areas of pressure being managed and compensating savings in other areas, there have been no specific requests for or reports of virement or reinstatement of savings, or their replacement with alternative options. As virements have been made and savings reinstated without recourse to Committee, Financial Regulations have been breached. The specific allocation of budgets and savings is less transparent as a result.
- 3.5.8 The Ballroom achieved a reduction in its deficit, with a year-end position for 2017/18 of £33,000 within the adjusted budget – though it did not meet the original target included in the budget approved by Council in February 2017. A further £63,000 of savings was deducted from the budget in 2018/19 and although fees and charges were increased the required level of savings was not achieved – there was a negative variance of £93,000.
- 3.5.9 Although previous targets had not been met, additional savings of £146,000 have been set for 2019/20, on the basis of a franchise arrangement being in place by October 2019. It was not possible to obtain assurance from the Service that plans are in place and progressing to achieve this target. Budget tracking data from Finance indicates that a £300,000 contingency has been set aside to cover the risk of cost pressures in this area.

3.6 Sponsorship / Advertising (2018/19 onwards)

- 3.6.1 A review of advertising opportunities was identified as a priority as part of a suite of potential savings opportunities as part of a commercial income review in 2017. The report highlighted that in previous years budgeted income had not been achieved, and proposed reducing budgeted income expectations in the short term, with a view to developing a strategy and taking it forward in the medium term to generate additional income. The budget was correspondingly reduced from £500,000 to £140,000 in 2017/18.
- 3.6.2 Whilst a saving of £150,000 was included in the budget papers to be generated from Advertising, additional income of £180,000 was added to the budget for sponsorship in 2018/19 and remains in the budget for 2019/20. This is in addition to a budget of £140,000 for sponsorship of roundabouts, which has been in place for several years but had not been fully achieved since 2016/17. Roundabout sponsorship is advertised on the Council’s website, which indicated that 36 out of 55 roundabouts were available (not currently sponsored and generating income) in June 2019. If the budget is based on a higher level of participation then it may be at risk.
- 3.6.3 The additional £180,000 from other sponsors was not achieved in 2018/19 and income of only £26,000 had been recorded at the end of June 2019 for 2019/20. If sponsorship cannot be obtained to the full level, the budget may not be achieved.

3.6.4 An advertising / sponsorship strategy has not yet been produced, and there is no list of available assets (except for roundabouts) on which sponsorship could be placed. This will make it difficult for the opportunities to be advertised and income to be generated.

3.6.5 In 2011 the Council had a contract with a third party to deliver a guaranteed minimum income from advertising and sponsorship. The five year contract was terminated after three years as it was no longer considered viable. This was not referenced in the 2017 income review, and lessons learned from this experience may not have been taken into account when setting new budgets.

3.7 Graphic Design (2019/20)

3.7.1 A saving of £170,000 is to be achieved for graphic design work in 2019/20. A plan is in place to achieve this, and the Service has considered capacity and available time in order to calculate the achievable income. However, it is based on an internal recharge to other Council Services. As a result, it is unlikely to result in a cashable saving.

3.8 Education Transport (2019/20)

3.8.1 This was referenced in the 2019/20 budget setting report as “Education – transport (pupils choosing to attend out of zone school)”. It was in respect of transport to a specific school, and was not agreed by Council in the list of fees and charges appended to the budget. The budget line was still reduced by £83,000 based on the original calculations of an anticipated number of travellers and an estimated fee level. The Service has stated that options for achieving an equivalent level of saving are limited and will be challenging. Alternative plans are not yet in place.

3.9 Garden Waste (2019/20)

3.9.1 An option to introduce a garden waste collection fee was identified as a potential priority as part of a suite of potential savings opportunities as part of a commercial income review in 2017. The review indicated potential additional revenue of £100,000.

3.9.2 Income of £816,000 is now anticipated through introduction of a permit scheme for garden waste collection. The Service was able to demonstrate that the agreed £30 per household annual charge could, based on the experience of scheme take-up by other councils, achieve the targeted level of income.

3.9.3 The charge was planned for implementation of the new service in September 2019. Although originally planned for June 2019, as the charge is for a full year, in advance, as long as the uptake is in line with expectations, there should be limited impact on the achievability of the budget. Clear plans are in place.

3.10 Naming Rights (2019/20)

3.10.1 The sale of naming rights to buildings has been budgeted to achieve £75,000 of income in 2019/20. There is no set plan, or a list of available buildings and anticipated levels of income which might be obtained through their naming / sponsorship. This could make it difficult for the opportunities to be advertised and income to be generated.

Appendix 2 – 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	<p>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.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
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.