ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	14 February 2019
REPORT TITLE	Internal Audit Report AC1917 – NPS Housing System
REPORT NUMBER	IA/AC1917
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 the NPS Housing System.

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 the NPS Housing System.

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 AC1917 – NPS Housing System.

10. **REPORT AUTHOR DETAILS**

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Internal Audit Report

Housing

NPS Housing System

Issued to:
Andy MacDonald, Director of Customer Services
Derek McGowan, Chief Officer – Early Intervention and Community Empowerment
Neil Carnegie, Communities and Housing Area Manager
Fraser Bell, Chief Officer – Governance
Jonathan Belford, Chief Officer – Finance
External Audit

EXECUTIVE SUMMARY

The Northgate Public Services (NPS) Housing System is used for managing tenancies and collecting rental income for the Council's housing stock, parking spaces and garages. The system is also used to manage housing advice requests, applications for and allocation of social housing, housing support, and anti-social behaviour incidents affecting tenants.

The objective of this audit was to provide assurance that appropriate control is being exercised over the NPS housing system and that interfaces to and from other systems are accurate and properly controlled. In general, this was found to be the case, in relation to interfaces, manual updates of annual rent rates and reconciliations of income with the cash receipting system. However, areas were identified where improvements were required.

Procedures covering system administration processes are not in place and only two employees are aware of the processes involved in maintaining the system and supporting its users. In addition, some interface procedures were not in place. The respective Clusters have agreed to formalise procedures.

The supplier of the housing system support and maintenance has remained unchanged for approximately 21 years, with the exception of occasions when previous suppliers have been subject to corporate takeover. As the system has not been market tested in this period, it is not possible to confirm that value for money is being achieved. There is also no confidentiality agreement with the supplier, setting out the supplier responsibilities in relation to data protection. The Service has agreed to consult with Commercial and Procurement Shared Services to ensure procurement legislation and Council procurement regulations are complied with, and thereafter ensure that a signed contract is put in place.

The current system version is no longer supported by the supplier since August 2018, meaning assistance will not be provided to ensure the security of data held on the system databases and in relation to any software "bugs" arising. This increases the risk of loss of personal data via cyber threats as well as decreased system performance. Digital and Technology has agreed to arrange for the necessary upgrades to be applied and tested and the Cluster has agreed to reinstate a workplan for planning upgrades and system development work.

At the time of the audit, system recovery testing had not been scheduled and the last testing which was undertaken in January 2018, as advised by Digital and Technology, was not documented. D&T will undertake testing in 2019 and document the results.

The Cluster has also agreed to introduce measures to improve system access controls and security, including: introducing line manager authorisation for new users, reviewing password requirements, and removing leavers from the system on a regular basis.

Report No. AC1917

1.   INTRODUCTION

1.1   The Northgate Public Services (NPS) Housing System (previously referred to as i-World) is used for managing tenancies and collecting rental income for the Council's housing stock, parking spaces and garages. The system also manages housing advice requests, applications for and allocation of social housing (calculating points and position of all applicants on housing waiting list), housing support, and anti-social behaviour incidents affecting tenants. In addition, the system is used to manage tenant insurance payments and the rent deposit scheme. There is also a self-service portal offered by the system, which tenants and non-tenants can access at any time, to review housing options, apply for housing, and for former and current tenants to access their rent accounts.

1.2   The System Support and Maintenance contract commenced in July 1997. Annual support and maintenance costs in 2018/19 were £130,000 and in 2017/18 were £127,000.

1.3   The Council maintains 22,050 properties for rent (excluding garages and lock-ups). The total collectable rental charge for dwelling houses for 2017/18 was £80.821 million. Income to the end of December 2018 was £60.464 million. In 2018/19 to 31 December 2018 £29.593 million was credited to rent accounts in respect of housing benefits (£38.983 million in 2017/18).

1.4   The objective of this audit was to provide assurance that appropriate control is being exercised over the NPS housing system and that interfaces to and from other systems are accurate and properly controlled.

1.5   The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Neil Carnegie, Communities and Housing Area Manager, David Bryce, Systems Development Officer, Elspeth Hay, Systems Development Officer, and Jamie Kirkwood, Incident and Problem Co-Ordinator.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written 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.

2.1.2 Procedures covering the operation of system modules and manual data input are held on The Zone. Procedures are listed in three ways: alphabetically; by module (Estates, Allocations, Customer Services, Rents and Housing Advice); and by role (Assistant Housing Officer, Housing Officer, Housing List Advisor/Assistant, Voids Control Officer and Homelessness). These were clear and comprehensive. User manuals are also available in the NPS system under Housing Online Help, where step by step instructions on how to carry out various tasks are available to NPS housing system users.

2.1.3 Procedures covering system administration processes are not in place and only two employees are aware of the processes involved in maintaining the system and supporting its users.

2.1.4 Interface procedures were in place for the interfaces between the Housing system and the Cash Receipting System and between the Housing system and Early Warning System database of high-risk customers. However, there were no procedures in place describing how success of interfaces is determined for: the Housing Repairs System; Financial Ledger; Revenues and Benefits System; Bacstel-IP software and Payroll System, and how interface data errors are identified and addressed.

Recommendation
a) The system administration and support processes should be formalised.
b) Interface processes should be formalised.
Service Response / Action
Parts a) and b) Agreed.

Implementation Date	**Responsible Officer**	**Grading**
a) January 2020	a) System Development Officers	Significant within audited area
b) January 2020	b) Business Systems Analyst	

2.2 System Supply and Maintenance

2.2.1 A maintenance and support agreement for the Housing Management System was entered into between the Council and the system supplier in July 1997, for 5 years. There is no signed contract between the Council and the current provider of support and maintenance. This increases the risk of contractual disputes.

2.2.2 The Council's Financial Regulations state the Council has a statutory duty to obtain best value and that all purchasing must comply with the Council's Procurement Regulations. The Council's Procurement Regulations and the Public Contracts (Scotland) Regulations 2015 require procurements exceeding the EU tendering threshold to be advertised in the Official Journal of the European Union to ensure open competition. The Council's

Procurement Regulations also require procurements over £50,000 to have a business case approved by the Strategic Commissioning Committee prior to being undertaken and to be included on the relevant Committee workplan.

2.2.3   The supplier of the housing system support and maintenance has remained unchanged for approximately 21 years, with the exception of occasions when previous suppliers have been subject to corporate takeover and the successor company continued to provide system support and maintenance. As this has not been market tested in this period, it is not possible to confirm that value for money is being achieved and, in this regard, the Service should consult with Commercial and Procurement Shared Services to determine the best way of doing so and of complying with procurement legislation.

<table>
<tr><td colspan="3">Recommendation
The Service should consult with Commercial and Procurement Shared Services to ensure procurement legislation and Council procurement regulations are complied with, and thereafter ensure that a signed contract is put in place.

Service Response / Action
Agreed.</td></tr>
<tr><td>Implementation Date
September 2019</td><td>Responsible Officer
Chief Officer – Early Intervention and Community Empowerment</td><td>Grading
Significant within audited area</td></tr>
</table>

2.2.4   Support for the NPS housing system is provided by the Service Systems Team, Digital and Technology (D&T), the software supplier, and the Council's Data Centre provider. All NPS housing related issues are initially referred by users/managers to the Systems Team. These can be anything from password changes and general advice, to requests for system configuration amendments and system responsiveness issues. In all cases, the Systems Team will attempt to resolve the issue and only where appropriate will escalate to either the software supplier (Northgate) or via Service Now to the Database (DBA) team in D&T. The majority of Systems Team work relates to: tier 1 calls for assistance with resolving user input errors and general navigation / functionality advice; and tier 2 calls to augment system functionality based on evolving Estate Management, Housing Access and Support Service needs.

2.2.5   The server status and integrity and the interfaces described in section 2.6 are managed by ICT. Where an issue cannot be resolved locally and relates to the servers it is referred to the Data Centre provider whilst those issues relating to the application, database and interfaces are referred to the software supplier.

2.2.6   40 system Incidents were logged with D&T in 2018, with 5 of the incidents marked as "Moderate Priority". These "Moderate Priority" incidents were resolved with the exception of an issue relating to system users being unable to produce required letters for tenants following a Citrix upgrade, where the status is 'Awaiting User Info'. The issue affects all letters produced by the system, including rent arrears escalation letters and housing offers. The matter is being progressed at the Northgate user group.

2.3   System Upgrades

2.3.1   To ensure that the system continues to meet customer requirements in terms of functionality and reliability, NPS (UK) Ltd issue two software releases each year. Not all software release changes will be applicable to the Council, therefore it is a Service decision to apply a software release, or not.

2.3.2   To ensure that any software release will continue to provide adequate system functionality, the system users will test new releases in the Test version of the system. A testing schedule and expected test outcome for each area is maintained. The documentation for the most recent software upgrade (release 6.15), applied in May 2017, was reviewed.

2.3.3   In total, 180 various tests were run by 10 employees with no exceptions recorded. However, 105 scheduled tests were not attempted (e.g. Withdrew Application, Create Valuation, Creating a Tenancy (Manual), Reinstating a Tenancy including switching between admin units).   The Systems Team advised the tests not completed were dependent on user responses which were not provided before the go-live date. The tests not completed were not risk assessed to determine if they were required. This increases the risk of untested functions not operating properly.

| **Recommendation** |
| Risks of not carrying out tests should be assessed and documented where scheduled tests are not completed. |

| **Service Response / Action** |
| Agreed. |

Implementation Date	**Responsible Officer**	**Grading**
March 2019	System Development Officers	Important within audited area

2.3.4   The most recent version available from the supplier is version 6.18. Since the Systems Manager left the Council, the liaison between the Systems Team, D&T and the supplier has not been maintained, and no-one has responsibility for scheduling system upgrades. The current system version 6.15 is no longer supported by the supplier since August 2018, meaning assistance will not be provided to ensure the security of data held on the system databases and in relation to any software "bugs" arising. This increases the risk of loss of personal data via cyber threats as well as a reduction in system performance.

2.3.5   The Service Delivery Co-ordinator within D&T advised that there were no plans for a system upgrade as at 19 November 2018, however project plans will be created to address the need for a system upgrade in due course. A recommendation is included for tracking purposes.

| **Recommendation** |
| The required system upgrade to version 6.18 should be applied to the Housing system. |

| **Service Response / Action** |
| Agreed.   Due to staffing constraints the upgrade has been delayed. System requirements dictate upgrades need to happen incrementally therefore the first step is to upgrade to v6.16, v6.17, v6.18 with testing of each. |

Implementation Date	**Responsible Officer**	**Grading**
June 2019	Incident and Problem Co-ordinator	Significant within audited area

2.3.6   A team work plan detailing team tasks, due dates and completion status was previously maintained by the Systems Team, however it has not been updated since the System Manager left the Council. This increases the risk of key events being overlooked such as system upgrades and required development work.

> **Recommendation**
> The Systems Team work plan should be updated to include 2018/19 team tasks.
>
> **Service Response / Action**
> Agreed.
>
> | **Implementation Date** | **Responsible Officer** | **Grading** |
> |---|---|---|
> | March 2019 | Chief Officer – Early Intervention and Community Empowerment | Significant within audited area |

2.4 System Access and Security

2.4.1 Access to the NPS System is authorised by way of a written request from the user's line manager or relevant senior employee, detailing access required. There are no standardised forms with requests made via e-mail to individual System Development Officers instead. The Systems Team currently does not have a shared email in-box for such requests or for managing user issues raised, such as accounts being locked. Having such an account may assist with workflow and help ensure that issues are dealt with timeously in the event of the officer being sent a request being unavailable.

> **Recommendation**
> a) The Service should introduce specific new user forms to demonstrate access requirements and authorisation.
>
> b) The Service should consider setting up a shared in-box for managing user queries and system access requests.
>
> **Service Response / Action**
> a) The Systems Team will liaise with D&T to arrange for ServiceNow to be updated to meet these requirements.
>
> b) Agreed.
>
> | **Implementation Date** | **Responsible Officer** | **Grading** |
> |---|---|---|
> | April 2019 | System Development Officers | Important within audited area |

2.4.2 It is important that users are granted access to the system commensurate with their role, whilst giving due consideration to segregation of duties. A sample of 5 new accounts was selected to ensure the access to the system was adequately approved and that the access granted was appropriate. Four out of five new accounts were approved by the line manager and access provided was appropriate. One new user account set up was for an existing user, who had a name change due to marriage. The new account was appropriate, and the team advised that it was validated by ICT.

2.4.3 A unique user ID and a temporary password, which must be changed when the user first logs in, are provided by a System Development Officer. On changing the temporary password, the user is required to provide their date of birth, select a security question and provide an answer to that question, for the purposes of changing the new password selected. The Council's ICT Acceptable Use Policy requires passwords used to protect systems and applications to be maintained securely and comply with current guidelines. The Council's Managing Information Handbook requires passwords to be at least 8 characters long and contain a mixture of numbers, letters and a special character. NPS

only requires a minimum of 6 characters and there is no requirement for a mixture of numbers, letters and a special character.

2.4.4   Members of the public are able to register via the Housing Portal to get housing advice, apply for a council house and/or view their rent statement. Following registration, a username and a temporary password is provided on-screen. The username can be changed to anything the user wishes and the password can be changed in line with the requirements in paragraph 2.4.3. Passwords for members of the public can be changed by the user themselves where they are emailed a new password or reset by the Systems Team or by key people in the Service.

Recommendation
The Service should investigate whether system password requirements can be amended in line with the Council's Managing Information Handbook.

Service Response / Action
Agreed. Northgate will be contacted to establish whether password parameters can be amended.

Implementation Date	**Responsible Officer**	**Grading**
March 2019	System Development Officers	Important within audited area

2.4.5   Access to the NPS Housing System is blocked after four incorrect password attempts. This was confirmed by Internal Audit. The system does not produce reports on multiple failed log-in attempts however the Systems Team is required to be notified by a user by email or telephone call for an account to be unlocked. Once the account is unlocked the user can access the system using their existing password or if required, can change their password from the system login screen on providing their username, date of birth, and answer to a security question. These requirements were confirmed by Internal Audit.

2.4.6   Line managers / senior employees are responsible for notifying the Systems Team of employees whose access to the housing system needs to be removed e.g. due to a change in role or leaving the Council. The system cannot automatically remove access rights after a defined period of inactivity.

2.4.7   A report of employees who left the Council since January 2018 was obtained to ensure that access to the system was removed on leaving the Council. Thirty-five leavers still had access to the system as at 5 November 2018, with the longest outstanding relating to an employee who left in April 2018. Failure to remove access to the Housing system in a timely manner increases the risk of unauthorised access to tenant personal data and a breach of data protection legislation.

Recommendation
a)   The Service should obtain regular reports of Council leavers for the purposes of removing system access for former employees.
b)   The Service should carry out an annual review of users and amend access accordingly.

Service Response / Action
Parts a) and b) Agreed.

Implementation Date	**Responsible Officer**	**Grading**
a) May 2019	a) Business Services Manager	Important within audited area

| b) | October 2019 | b) | System Development Officers |

2.5   Third Party Access

2.5.1   NPS (UK) Ltd provide third party system support to address any issues escalated to them by the Systems Team. Access to the system is provided via a Virtual Private Network (VPN) meaning only users advised of the VPN can gain access. The system supplier must formally request access to the system, at which point a request is made to D&T via ServiceNow, for access to be granted. This process has only been implemented recently therefore no supplier ServiceNow calls have been logged to date. Prior to this change, NPS (UK) Ltd had constant access to the system via the VPN.

2.5.2   There is no confidentiality agreement between the Council and the supplier setting out the responsibilities of the supplier to ensure system data is protected. This increases the risk of the system supplier failing to comply with data protection legislation.

| **Recommendation** |
| A confidentiality agreement should be put in place. |
| **Service Response / Action** |
| Agreed. |

Implementation Date	**Responsible Officer**	**Grading**
September 2019	Chief Officer – Early Intervention and Community Empowerment	Significant within audited area

2.6   Interfaces

2.6.1   Seven systems interface with the Housing system:

Interface with	Into/From NPS	Purpose	Frequency
Housing Repairs system	From	Transfer property file to Housing repairs system detailing tenant information for property maintenance purposes.	Daily
Financial Ledger system	From	Transfer rent charges	Weekly
Revenues and Benefits system	Into	Transfer (manually via emailed file) of corrected Housing Benefit / Universal Credit (HBCOR) credit amounts.	Weekly
Revenues and Benefits system	Into	Transfer Housing Benefit / Universal Credit file to Housing system	Weekly
Revenues and Benefits system	From	Transfer rent account details to Revenue & Benefits system	Daily
Payroll System	Into	Transfer rent payments from PSE to Housing system	Monthly
Cash receipting system	Into	Update Housing system with income received from tenants.	Daily
Cash receipting system	From	Transfer rent balances to Cash Receipting system.	Weekly

Send Direct Debit payment requests	From	Send payment file to Bacstel-IP software to request payments from customer accounts.	Daily
New Direct Debit Instructions	From	Send new direct debit instructions to Bacstel-IP software to forward to customer bank accounts.	Daily
Early Warning System	From	Transfer customer info for those tenants where they are red flagged as a warning.	Weekly

2.6.2 With the exception of the cash receipting system, when files are transferred between the housing system and an interfacing system, completion reports are issued by the housing system to the relevant system owners and System Analysts in D&T. Completion reports include the total number of transactions successfully interfaced and the detail of failed / rejected transactions.

2.6.3 A sample of 30 completion reports was selected, covering all interfaces apart from the cash receipting system, to ensure the data transferred between the housing system and the interfacing system agreed or an adequate explanation for any differences was available. The results of testing were satisfactory. Reports detailing data transferred to the cash receipting system are not produced and so were omitted from the testing. Instead the Service reconciles cash received by source in the cash receipting and housing systems on a monthly basis. This is covered in section 2.8 below.

2.6.4 Rejected cash receipting system transactions contained in exception reports are emailed to. System Analysts to investigate the errors highlighted. A new interface file will be created, and corrected entries will be re-uploaded to the relevant system if required. There have only been 2 exception reports since March 2018. Corrective action was not required as the errors had no impact on rent account balances.

2.6.5 There are instances where a whole interface batch gets rejected such as when a duplicate batch reference is identified by the system. It is the Business System Analysts' responsibility to investigate and correct such errors. A screenshot of the NPS System holding area where rejected batches are held was obtained and there are no such rejections relating to 2018/19 present. The Business System Analyst confirmed there have been no rejections for a number of years.

2.7   Manual Data Input

2.7.1 The System has a series of fields, including a tenant's National Insurance number, name and date of birth, which provide a check where, if the user attempts to create a rent account for someone that already exists, the system will prevent this and issue warning messages. This was evidenced by Internal Audit.

2.7.2 The Systems Team are responsible for updating annual rental charge rates in the housing system. The rental charge increase for 2018/19 of 2.6% was approved by the Council on 6 March 2018. 30 rent accounts were reviewed to ensure that the correct increase had been applied, which was found to be the case.

2.8   Reconciliations and Reporting

2.8.1 Reconciliations are undertaken to ensure that rent payments and Housing Benefit / Universal Credit income are being accurately posted to the Housing system, and that it is in agreement with the financial ledger. The Bank Reconciliation Team, who are independent of the rent collection function, compile the Housing Rent Reconciliations using cash receipting system reports and Boxi reports, listing all transactions (receipts)

posted to the system. Any imbalances will be investigated and reports including data such as date of transaction, amount, payment method, and payment reference will be issued to the Housing team to investigate.

2.8.2   The October 2018 reconciliation was reviewed to ensure it was accurate and that reconciling items were clearly explained and investigated. This was found to be the case.

2.9   Suspense Accounts

2.9.1   The Housing system operates a suspense account, and a clearing account, for Housing Rents in the event that any transaction cannot be posted to the appropriate account. The suspense account records all transactions that cannot be posted to a verifiable rent account, e.g. rent account reference error. The clearing account is for any non-rent transactions that have been posted to the Rent System in error and require to be corrected using the Cash Receipting System as well as housing rent transactions manually transferred by the Bank Reconciliation Team.

2.9.2   To ensure that all transactions are posted to the appropriate account, the Rent Accounts Officer reviews the suspense account and clearing account on a daily basis, to investigate and clear transactions as appropriate.

2.9.3   As at 22 November 2018 the balance in the suspense account was £7,872 and the balance in the clearing account was £7,015. Historic transactions dated back to 2006 for the suspense account and to 1998 for the clearing account. Whilst there was evidence that suspense and clearing account balances were being investigated and cleared regularly, the clearing account is made up of many debits and credits, making it difficult to establish what transactions are yet to be reallocated. This is unlike the suspense account, which just contains a list of transactions due to be reallocated.

Recommendation
A reconciliation of Housing system clearing account balances should be prepared on a regular basis, detailing the transactions making up each account balance for investigation purposes.

Service Response / Action
Agreed. A monthly reconciliation will be carried out.

Implementation Date	**Responsible Officer**	**Grading**
April 2019	Communities and Housing Area Manager	Important within audited area

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2.10   Business Continuity and Disaster Recovery

2.10.1   Business critical systems, including the NPS Housing System, are backed up in full on a weekly basis and incrementally on a daily basis by the Council's Data Centre provider. Thirty days of backup files are held locally with ninety days backup held offsite in Dundee. System backup reports were obtained from ICT for 3 September and 16 November 2018 and were successful in both cases.

2.10.2   The Database Technical Lead advised that the last time restored housing system data was tested was in January 2018. D&T advised system recovery testing was not documented and there is currently no system recovery testing scheduled. This increases the risk of system functionality issues should system recovery from backed up data be required.

> **Recommendation**
> System recovery testing should be scheduled for the housing system and outcomes of testing documented.
>
> **Service Response / Action**
> The Housing System will be subject to Disaster Recovery testing this year. There is a pre-requisite that the system has to be on the latest version before testing can be initiated.
>
> | **Implementation Date** | **Responsible Officer** | **Grading** |
> |---|---|---|
> | December 2019 | Incident and Problem Co-ordinator | Significant within audited area |

2.10.3   The Service maintains a record of system downtime using ServiceNow. The downtime logs provided by D&T indicated the most recent two incidents when the system was unavailable to its users were in November 2017, when the system was down for 30 minutes and in November 2016, when the system was down for 35 minutes. Incident reports were prepared documenting the description of the incidents; business impact; key findings and action taken; and root cause.

AUDITORS: D Hughes
                A Johnston
                A McDonald

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.