

Carlisle City Council

Report to Audit Committee

Report details

Meeting Date:	08 July 2022
Portfolio:	Finance, Governance and Resources
Key Decision:	Not applicable
Policy and Budget Framework	YES
Public / Private	Public
Title:	Internal Audit Report – Property Income
Report of:	Corporate Director Finance & Resources
Report Number:	RD.18/22

Purpose / Summary:

This report supplements the report considered on Internal Audit Progress 2021/22 and considers the review of Property Income

Recommendations:

The Committee is requested to

- (i) receive the final audit report outlined in paragraph 1.1;

Tracking

Executive:	Not applicable
Scrutiny:	Not applicable
Council:	Not applicable

1. Background

- 1.1. An audit of Property Income was undertaken by Internal Audit in line with the agreed Internal Audit plan for 2021/22. The audit (Appendix A) provides partial assurances and includes 2 high and 8 medium-graded recommendations.

2. Risks

- 2.1 Findings from the individual audits will be used to update risk scores within the audit universe. All audit recommendations will be retained on the register of outstanding recommendations until Internal Audit is satisfied the risk exposure is being managed.

3. Consultation

- 3.1 Not applicable

4. Conclusion and reasons for recommendations

- 4.1 The Committee is requested to
i) receive the final audit report outlined in paragraph 1.1

5. Contribution to the Carlisle Plan Priorities

- 5.1 To support the Council in maintaining an effective framework regarding governance, risk management and internal control which underpins the delivery the Council's corporate priorities and helps to ensure efficient use of Council resources

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Appendices attached to report:

- **Internal Audit Report – Property Income – Appendix A**

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

Corporate Implications:

Legal - In accordance with the terms of reference of the Audit Committee, Members must consider summaries of specific internal audit reports. This report fulfils that requirement

Property Services - None

Finance – Contained within report

Equality - None

Information Governance- None

Audit of Property Income

Draft Report Issued: 10th August 2021
Director Draft Issued: 6th June 2022
Final Report Issued: 24th June 2022



Audit Report Distribution

Client Lead:	Property Services Manager
Chief Officer:	Corporate Director of Governance and Regulatory Services Chief Executive
Others:	Head of Financial Services
Audit Committee:	The Audit Committee, which is due to be held on 8 th July 2022 will receive a copy of this report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Designated Head of Internal Audit.

1.0 Background

- 1.1. This report summarises the findings from the audit of Property Income. This was an internal audit review included in the 2021/22 risk-based audit plan agreed by the Audit Committee on 15th March 2021.
- 1.2 Property Services are responsible for managing the City Council's extensive property portfolio. Property Services agree the levels of rent to be paid by our tenants and Financial Services collect the rental income. The Asset Management Plan - 2022 to 2027 details that rental income from Council investment assets is circa £4.143 million with a total capital value of £89.379 million.
- 1.3 External Managing agents provide specialist assistance for roughly half of Authority commercial leases, with the others managed in-house. The Council is the freehold owner of The Lanes Shopping Centre and generates an income from the head lease (minority interest).
- 1.4 All rent collection apart from the Market Hall is undertaken inhouse by Accountancy Services. Carlisle market stall holders are sub tenants of the Council and occupy units by way of a lease from the Council, completed by the Council's legal team on instruction from the managing agents.
- 1.5 Other notable commercially leased assets include Industrial Estates such as Kingstown, Parkhouse and Durranhill and the Asda supermarket at Parkhouse.

2.0 Audit Approach

Audit Objectives and Methodology

- 2.1 Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.
- 2.2 A risk-based audit approach has been applied which aligns to the five key audit control objectives (see section 4). Detailed findings and recommendations are reported within section 5 of this report.

Audit Scope and Limitations.

- 2.3 The Client Lead for this review was Property Services Manager and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following risks:
 - Failure to achieve business objectives due to insufficient governance
 - Loss or breach of information/ fines and sanctions/ reputational damage due to failure to securely process, retain, share, and dispose of records and information

- Rental income is not maximised, due to poor financial and debt management arrangements
- Terms of commercial lease agreements are not regularly monitored for compliance, including rent renewals and reviews
- Leaseholder financial difficulty and void properties have not been managed effectively, including arrangements put in place to minimise the impact of coronavirus

2.4 There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.0 Assurance Opinion

3.1 Each audit review is given an assurance opinion intended to assist Members and Officers in their assessment of the overall governance, risk management and internal control frameworks in place. There are 4 levels of assurance opinion which may be applied (See **Appendix B** for definitions).

3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within property services provide **partial assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0 Summary of Recommendations, Audit Findings and Report Distribution

4.1 There are two levels of audit recommendation; the definition for each level is explained in **Appendix C**. Audit recommendations arising from this audit review are summarised below:

Control Objective	High	Medium
1. Management - achievement of the organisation's strategic objectives achieved (see section 5.1)	-	1
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	1	2
3. Information - reliability and integrity of financial and operational information (see section 5.3)	-	2
4. Security - safeguarding of assets (see section 5.4)	1	1
5. Value – effectiveness and efficiency of operations and programmes (see section 5.5)	-	1
Total Number of Recommendations	2	7

- 4.2 Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix A.

Findings Summary (good practice / areas for improvement):

Key information relating to the Council's commercial leases is held in the Property Asset Database (PAD). The Property Services service plan 2021-22 details a business change project to replace PAD with an integrated system, with an expected outcome to improve the efficiency of the property team. It has been agreed that the new Cumberland authority will manage its property assets through an integrated system known as Concerto. Data capture has commenced with implementation scheduled for 1 April 2023.

A review and update of the documented arrangements in place for management agents is required to ensure up to date agreements are in place, including adherence to the Council's financial regulations, with it also following that value for money and regulatory requirements are appropriately considered.

Reconciliations between property source data and financial systems data require further development to provide regular assurance over the accuracy and integrity of information held in each system.

The review identified the Council has not been recovering the cost of insurance premiums incurred from lease-holders where stipulated within the lease agreement. Regular documented review and confirmation is necessary to ensure insurance premiums paid by the Council are collected where relevant. Work is also required to ensure back-dated costs are calculated and attempts are made to recover lost monies.

A property services staff restructure is in the final stages of planning and awaiting authorisation to proceed. All job descriptions linked to the current structure have been reviewed within the last five years. Formal consideration of continuation of service arrangements will increase the likelihood of achieving future service objectives.

A service plan for Property Services is in place for 2021/22 with a key objective relating to property income.

The Property Service operational risk register is regularly reviewed and signed off on a quarterly basis by the Property Services Manager, in line with the Risk Management Framework. Review and update of the operational risks and wider management involvement will further enhance the service risk management process already in place.

Regular financial monitoring updates are provided to management for commercially leased property income. Backdated rent review payments can sometimes significantly offset shortfalls in other areas.

A substantial amount of Data Protection and online Safety and Cyber Awareness training has been undertaken by Property Services staff, and liaison with Organisational Development will confirm if any refresher training is advised.

A data retention and disposal log are in place for Property Services. Further review and regular update will align personal data handling with UK General Data Protection Regulation (UK GDPR).

Collation of key lease data and documents for Carlisle Market hall leaseholders will align with wider best practice followed for other lease groups, should the sub-lease not be surrendered in a reasonable timescale.

Review and update of service guidance and the introduction of robust document management arrangements will help ensure continued alignment to current best practice.

The recording and circulation of actions assigned, outcomes and key decisions taken at planned management meetings will further increase transparency and accountability.

Regular, documented management review of access rights to PAD will further enhance the security arrangements already in place.

Historic team appraisals have been held in the past and consideration of annual individual appraisals will help to increase focus on personal performance and training requirements.

Management seek and follow best practice guidance for dealing with leaseholders in financial difficulty, including the MHCLG Code of Practice for commercial property relationships during the COVID-19 pandemic (updated 6 April 2021). The team have also achieved significant success with the low level of arrears currently held.

Comment from the Corporate Director of Governance and Regulatory Services:

The Report is accepted and the recommendations will be implemented as set out. The partial assurance is disappointing as the grading was previously based on a high priority being ascribed to recommendation 5. This was based on a lack of understanding of the systems and when this was resolved the recommendation was correctly re-graded medium. Unexpectedly, recommendation 2 was then upgraded to 'high' thus maintaining the partial assurance. In relation to recommendation 2, the reasons for the use of a single provider are readily available as they should be and that is the real thrust of the issue identified by the recommendation. The agreed action of publishing an officer decision notice, whilst good practice, is not legally required unless the award of the relevant contract "materially affects [the Council's] financial position" which it does not. The lack of an ODN is not sufficient to fulfil the definition of a partial assurance namely "that there is an unsatisfactory level of internal control in place. Controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified." Nor do the two high graded recommendations cover wide ranging aspects of the control environment.

Nonetheless, whilst there are concerns with the level of assurance given, all of the recommendations are helpful and agreed as stated within the body of the report.

5.0 Audit Findings & Recommendations

5.1 Management – Achievement of the organisation's strategic objectives

- 5.1.1** A property services staff restructure is in the final stages of planning and awaiting authorisation to proceed. All job descriptions linked to the current structure have been reviewed within the last five years. It is advised that following implementation, formal consideration is given to continuation of service arrangements in the event of key staff absence at short notice.
- 5.1.2** A service plan for Property Services is in place for 2021/22 and includes the following objective relevant to property income: 'To deliver the objectives of the approved business plan for management of Kingstown & Parkhouse property assets.'
- 5.1.3** Operational risk management arrangements consider the risks of not achieving the stated service objectives. Without wider coverage in service objectives of the work undertaken, wider operational risks may not be fully considered.
- 5.1.4** The Property Service's operational risk register is regularly reviewed and signed off on a quarterly basis by the Property Services Manager, in line with the Risk Management Framework. There are a significant number of risks detailed in the register (nineteen), and two are relevant to property income. Although mitigating actions are documented for these risks, further work is required to ensure that they are operating as stated.

Management indicated that they are planning a full review of the operational risk register. For the register to work as a key control document for the service, it is recommended that consideration is given to the following:

- Alignment of operational risks to wider services objectives detailed in the service plan
- Reducing the number of risks to a manageable level, including only those that will have a major impact on delivery of service objectives
- Wider involvement of the management team in the risk management process, including assignment of individual risks
- Ensuring there is a clear link between successful operation of mitigating actions and reduction in risk
- Seeking regular assurance through provision of documented evidence from assignees, that all mitigating actions are operating effectively.

Recommendation 1 – Review and update the operational risks and regularly involve wider management in the risk process.

5.1.5 Regular financial monitoring updates are provided to management for commercially leased property income, including explanations for budget variances. Annual rental income for each asset is budgeted on a single financial code and actual income may include income not budgeted for, such as back dated rent following rent review. For example, annual rental for Kingstown in month 12, 2020/21 is budgeted at £1.6M, and total income calculated as due including backdated rent following rent review is £2.3M. The £700k surplus due to backdated rental, significantly offsets annual rental income shortfalls in other areas.

5.2 Regulatory – compliance with laws, regulations, policies, procedures and contracts

5.2.1 Roughly half of commercial leases at the Authority are managed in-house, although Managing Agents are also employed to carry out specific tasks for certain property groups. Two of the contractual arrangements in place with agents have not been reviewed for some time. Without current arrangements in place, there is increased difficulty in assessing best value for services provided and ensuring adherence to both regulatory requirements and the Council's financial regulations.

5.2.2 A contract for management of stall-holders leases at Carlisle Market (held jointly with the tenant) expired in December 2011. The contract is valued at approximately £20K per annum; therefore the expenditure since contract expiry has exceeded the Council's contract procedure rules for an open tender exercise (£70k). It is noted that the nature of the joint arrangement has made it more complicated to update contractual arrangements and that plans are in place to refresh agreements as part of the Towns Deal project.

5.2.3 Another agent frequently used by the Council last had fees reviewed in 2013. While the agent is appointed on a case-by-case basis expenditure levels since the last fee review has exceeded the Council's contract procedure rules for an open tender exercise (£70K). It is noted that the agent has extensive knowledge of the associated processes and there are advantages of continuing to retain their service; however, to ensure transparency and adherence to contract procedure rules an officer decision notice should be published detailing the reasons for the deviation.

5.2.4 Without undertaking either timely procurement exercises in line with the Council's financial regulations or demonstrating the reasons for any deviation through publicising an officer decision notice significantly increases the Council's exposure to risks that value for money is not achieved and leaves the Council open to challenge from competitors over unfair practices.

- 5.2.5** The absence of up to date contractual agreements with organisations the Council procure significant services from limits assurances providers are adhering to appropriate regulatory requirements and the Council is unable to rely on contractual mechanisms in the event of a dispute with the provider.

Recommendation 2 – Ensure appropriate and current documented contractual arrangements are in place for all management agents that adhere to the Council's financial regulations.

- 5.2.6** A substantial amount of Data Protection and online Safety and Cyber Awareness training has been undertaken by Property Services staff. Some training was completed in 2018 and liaison with Organisational Development will confirm if any refresher training is advised.
- 5.2.7** A data retention and disposal log are in place for Property Services, although it requires further review and update to help ensure that all personal data processed is managed in line with UK GDPR. Historic paper records held on the 8th floor of the Civic Centre should be reviewed as part of that process.
- 5.2.8** The Property Services privacy notice on the Council's internet page states that the personal information collected relates to, 'vehicle details, registered keeper details of vehicle including name and address'. Review post-audit identified the correct page has now been published.

Recommendation 3 – Data retention and disposal schedules to be reviewed, updated and regularly maintained.

- 5.2.9** Property services hold key lease data and retain scanned copies of key documents in PAD and/or local server (Atkins file), although stall holder leases at Market Hall are a notable exception. Options for acquiring the head-lease at Market Hall are currently being explored by management.
- 5.2.10** If the head-lease arrangement is not acquired in a reasonable timescale, it is recommended that key lease data and scanned copies of all key documents for Market Hall are collated and held in Property Services, in line with other property groups.

Recommendation 4 – Key lease data and documents to be retained for all commercial leases

5.3 Information – reliability and integrity of financial and operational information

- 5.3.1** PAD details all key information held on individual leased properties. Financial Services maintain a separate record of income received, which is reconciled to anticipated income based on information provided via standard memorandums issued by Legal Services for all new rental agreements and rent reviews.
- 5.3.2** .There is currently no reconciliation between Financial Services Information and PAD. . The absence of a generic asset key between systems increases the difficulty in undertaking the reconciliations.
- 5.3.3** Annual rent due for new leases or following rent review is notified to relevant departments through a standard memorandum. There is a risk that the memorandum may not be sent, or may not be received and acted upon, further supporting the need for regular reconciliations between both systems. Additionally, some lease agreements do not attract rent reviews and have been a long-standing arrangement; a reconciliation between PAD and financial records is required to the rent collected under these arrangements remains accurate.

Recommendation 5 – Regular reconciliation between PAD, its source data and key financial systems.

- 5.3.4** Service guidance is in place for several key tasks, although there are some notable exceptions such as void property management and maintenance of PAD. At the time of writing, there are 33 void properties noted in PAD although 26 of those relate to leased units at the Enterprise Centre. Development of service guidance for the efficient, effective and timely management of void properties is recommended to assist in benchmarking current performance.
- 5.3.5** Commercial leases detail the requirement to carry out periodic rent reviews. Current service guidance for rent reviews and new lettings requires a detailed checklist of activities to be signed off and dated. The checklists are not completed in practice and service guidance requires review and update to reflect current practice.
- 5.3.6** The introduction of robust document management arrangements will help to ensure service guidance remains current for all key tasks. Management may wish to consider recording the following for each document:

- Author
- Date review carried out
- Date next review is due
- Version/ revision history

Recommendation 6 – Review and update service guidance and introduce robust document management arrangements.

5.4 Security – Safeguarding of Assets

5.4.1 Responsibility for insuring Authority owned commercial property is detailed in the lease and the cost falls either to the landlord (Carlisle City Council) or the leaseholder. A regular check is undertaken between Property Services and Insurance to ensure all relevant properties owned by the Council are included on the annual insurance renewal.

5.4.2 In 2019, the Council identified a lease-holder was liable for insurance premiums paid for by the Council over the period of the lease (7 years), meaning the Council should have been re-charging the lease-holder. This has been raised with the lease-holder as a debt, but is in dispute.

5.4.3 It has since emerged a number of other agreements have this contractual condition and that the Council should have also been recharging more leaseholders for insurance premiums. The full extent of missed charges needs to be determined, but is delayed until a suitable methodology has been agreed in relation to the aforementioned dispute. This issue could go back several years.

Recommendation 7 – An exercise needs to be undertaken to identify and attempt to recover insurance premiums that should have been recharged to lease-holders, as well as introducing a process that ensures appropriate arrangements in place for insurance, including recovery of premiums from lease-holders where stipulated.

5.4.4 To further improve the arrangements already in place for the management of access rights to PAD, it is recommended that management authorisation for staff access is recorded and retained, and access to system is subject to regular documented management review.

Recommendation 8 – Regular documented management review of staff access to PAD.

5.5 Value – effectiveness and efficiency of operations and programmes

- 5.5.1** Appraisals give individuals, teams and their manager an opportunity to review performance, agree future objectives and to determine learning and development requirements which will help to achieve those objectives. Historical team appraisals have been undertaken, although the last draft appraisal notes available were dated October 2018. There is no set timescale laid down by the Authority, although annual appraisals are considered best practice.
- 5.5.2** Individual appraisals focus attention on personal performance, needs, actions and behaviours which may not be captured in team appraisals. For this reason, it is advised that management consider holding regular individual appraisals. Internal Audit are planning to work with Organisational Development to ensure appropriate action is taken corporately to ensure appraisals are both complete and timely.
- 5.5.3** Institute of Chartered Surveyors (RICS) requires members to undertake a minimum of 20 hours CPD each calendar year. Of the 20 hours, at least 10 must be formal CPD with the remainder informal. It also advises that organisations are actively involved in the training of employees to ensure they remain competent. It is recommended that all staff learning and development requirements, including those aligned to professional CPD where relevant, are formally considered on a regular basis; management may wish to determine those requirements as part of the wider individual appraisal process.

Recommendation 9 – Staff learning and development requirements to be regularly reviewed.

- 5.5.4** The Asset Management Plan 2021-26 details that, ‘The UK economy is currently experiencing a period of severe contraction due to the Covid-19 pandemic. Short term income will inevitably be reduced and tenants will vacate despite the significant assistance provided by Central Government.’
- 5.5.5** At the time of writing (July 2021) only 3 commercial leases are noted in PAD as having interim arrangements in place due to financial difficulty, although further interim arrangements have been put in place between the Lanes shopping centre leaseholder and individual sub-leased commercial units. It is advised that management continue to seek and follow best practice guidance, including the MHCLG Code of Practice for commercial property relationships during the COVID-19 pandemic (updated 6 April 2021).

Appendix A – Management Action Plan

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 1 – Review and update the operational risks and regularly involve wider management in the risk process.	M	Risks escalate out of control and management are unaware.	Risk Register to be reviewed and monitored by the Property Management Team	Property Services Manager	30 September 2022
Recommendation 2 – Ensure appropriate and current documented contractual arrangements are in place for all management agents that adhere to the Council's financial regulations	H	Unable to demonstrate value for money, potential exposure to claims of unfair procurement practices and limited legal documentation to support the Council in the event of any regulatory non-compliance or dispute with the provider.	Review of Market Hall management arrangements can only be undertaken in conjunction with the Head Lessee's. Redevelopment proposals for the asset are currently under discussion, it is anticipated that this will result in new management arrangements being implemented. However, if not, the current arrangements will be reviewed.	Property Services Manager	31 March 23
			Officer Decision Notice to be publicised detailing reasons for using single provider for remaining activity.	Property Services Manager	30 June 2022

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 3 – Data retention and disposal schedules to be reviewed, updated and regularly maintained.	M	Non-compliance with UK GDPR.	Process to be implemented to ensure retention and disposal schedules are regularly reviewed and updated.	Property Services Manager	30 November 22
Recommendation 4 – Key lease data and documents to be retained for all commercial leases	M	Lack of accountability for lease terms.	Lease documentation for Market Hall sub tenants to be added to PAD system.	Property Services Manager	31 August 22
Recommendation 5 – Regular reconciliation between PAD and key financial systems.	M	Risk of inaccurate billing information being used and not corrected.	Regular reconciliation to be carried out between property asset database and key financial systems/ monitoring.	Property Services Manager	31 March 23
Recommendation 6 – Review and update service guidance and introduce robust document management arrangements.	M	Staff unclear on management requirements for key activities.	Service guidance will be updated as part of the Concerto implementation given that our operating model will change.	Property Services Manager	31 March 23

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 7 - An exercise needs to be undertaken to identify and attempt to recover insurance premiums that should have been recharged to lease-holders, as well as introducing a process that ensures appropriate arrangements in place for insurance, including recovery of premiums from lease-holders where stipulated.	H	Council fails to collect monies due, resulting in significant costs (value for money concern)	Leases to be reviewed to ensure insurance rent is being collected from tenants where applicable. Insurance rent to be collected from commencement of lease and annually thereafter with annual reconciliation and update exercise between Property and Finance to agree annual premiums. to ensure all insurance rents are being collected (Financial Services will provide appropriate premium breakdown based on annual renewal).	Property Services Manager /Head of Financial Services	31 March 2023
Recommendation 8 – Regular documented management review of staff access to PAD.	M	Loss or unauthorised circulation of sensitive data and management unaware.	Annual review of user access implemented in March 22	Property Services Manager	31 March 2022
Recommendation 9 – Staff learning and development requirements to be regularly reviewed.	M	Staff do not have the necessary skills to carry out key tasks.	The Council has implemented a system of individual appraisals and this has been rolled out across the Property team.	Property Services Manager	01 January 2022

Appendix B - Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The control framework tested are suitable and complete are being consistently applied.</p> <p>Recommendations made relate to minor improvements or tightening of embedded control frameworks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure system objectives are generally achieved. Some issues have been raised that may result in a degree of unacceptable risk exposure.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently embedded.</p> <p>Any high graded recommendations would only relate to a limited aspect of the control framework.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses that have been identified. The level of non-compliance and / or weaknesses in the system of internal control puts achievement of system objectives at risk.	<p>There is an unsatisfactory level of internal control in place. Controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>High graded recommendations have been made that cover wide ranging aspects of the control environment.</p>
Limited/None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-existence or non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist.</p>

Appendix C

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).