



Internal Audit Report

Themed Audits – Schools Financial Value Standard (SFVS)

2022/23

Audience: All maintained schools

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1. EXECUTIVE SUMMARY

Introduction

- 1.1 The Shared Internal Audit Service (SIAS) provides internal audit services to Hertfordshire's maintained schools. Hertfordshire County Council's Schools Audit Strategy includes a requirement to annually establish the effectiveness of financial control, risk management and governance arrangements in a sample of schools. The Schools' Financial Value Standard (SFVS) was included as one of the thematic audits for schools in the 2022/23 audit plan.
- 1.2 The Department for Education (DfE) requires all local authority-maintained Schools to complete an SFVS return for submission annually. The standard set out in the SFVS return helps schools and local authorities meet basic standards for good financial health and resource management. The SFVS return consists of a checklist with thirty questions for schools to answer. The checklist asks questions of governing bodies in five key areas of resources management. The key assessment areas of the SFVS are:
- Governance
 - School Strategy
 - Setting the Annual Budget
 - Staffing
 - Value for Money
 - Protecting Public Money
- 1.3 A sample of 20 Schools were audited to provide assurance that appropriate arrangements were in operation for SFVS standards to be met. Following the audit, each school was issued with an individual report which reviews the effectiveness of its internal controls in the audited areas. Our specific objective in undertaking the SFVS theme was to provide the Council and the sample of Schools visits with assurance on the adequacy and effectiveness of internal controls, processes, and records in place to mitigate risks in relation to governance and financial control.
- 1.4 This report summarises the findings arising from the visits made to the selected schools. The learning points captured as shown in Appendix B will be available to all schools via the Grid.

Audit Approach

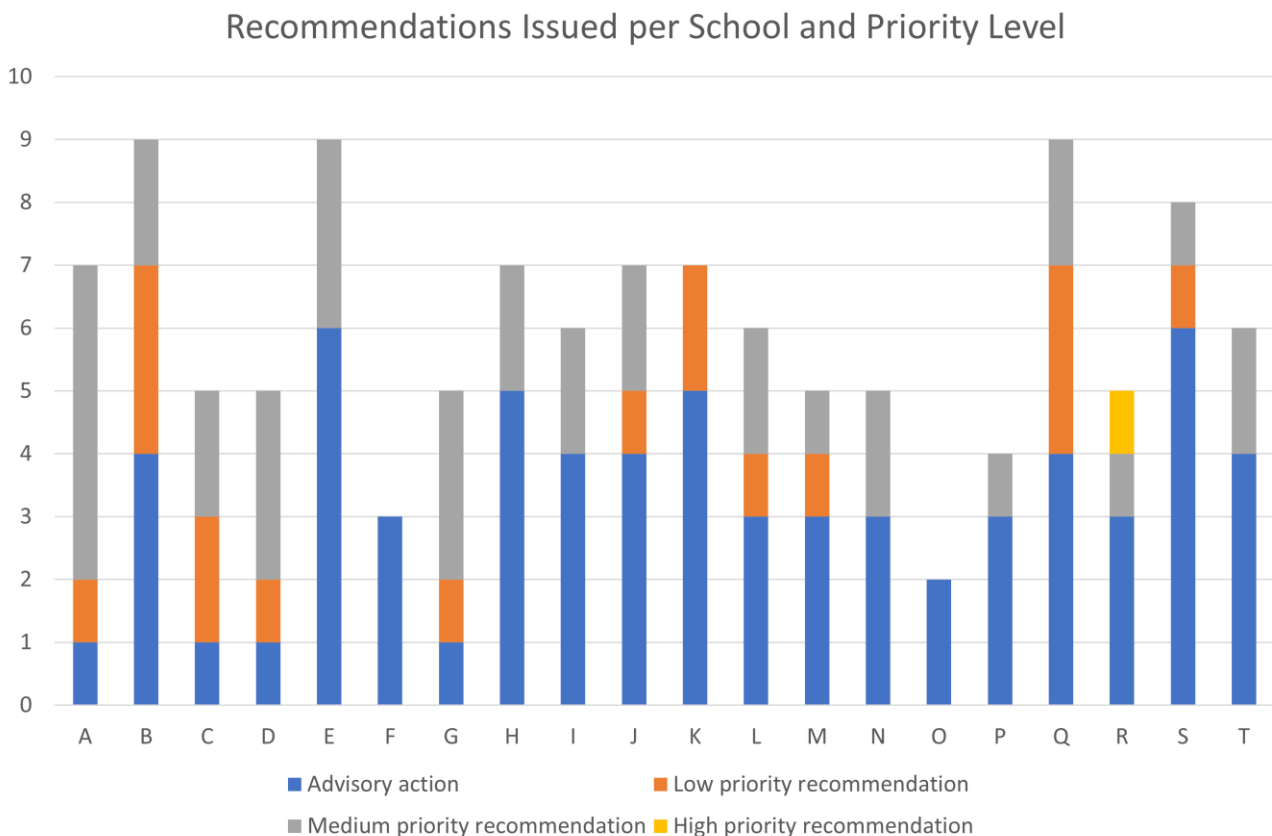
- 1.5 The audit theme utilised the 2021/22 SFVS return submitted by the school as a focus for the review. The SFVS return was reviewed, and the responses submitted by the schools assessed for completeness. Schools were also asked to provide supporting evidence for a sample of areas to verify that the arrangements stated functioned in practice, as well as the completion of an audit questionnaire by key finance staff and Governors. A summary of the areas reviewed, and how these were assessed is provided in Appendix A.
- 1.6 SIAS evaluated the procedures that were in place for the schools for the SFVS theme through the review of evidence and discussions with schools' staff to arrive at an opinion. Evidence included financial documents such as the Medium-Term Financial

Plan (MTFP), the Approved Budget Return (ABR), Schemes of Delegation and competency matrices for governors and staff.

Summary of Outcomes and Recommendations – Schools

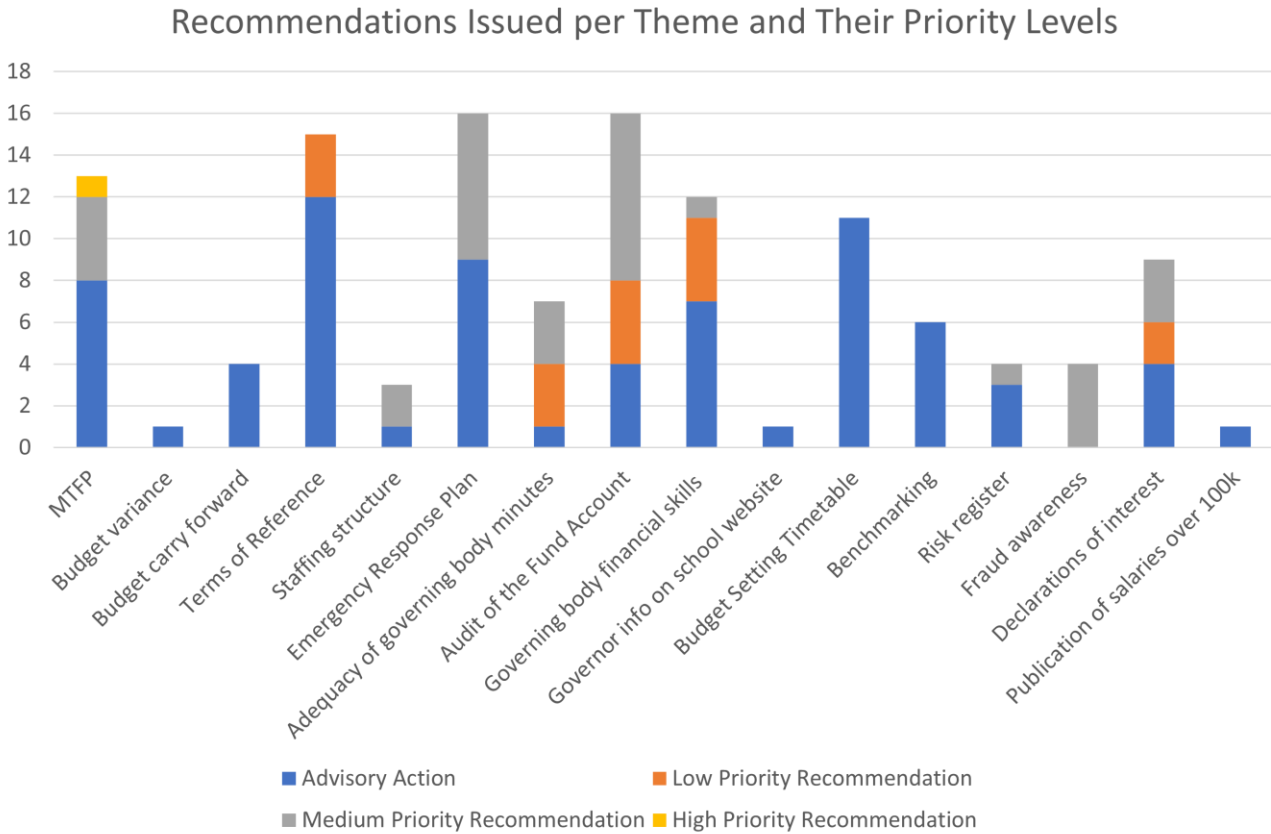
1.7 Schools were provided with appropriate recommendations where improvements could be made to the controls in place to manage risks in each of the assurance areas. A total of 54 recommendations and 66 advisory actions have been made across the 20 schools audited. Appendix B summarises common recommendation themes which have arisen from the schools visited and should be used by schools to compare to their own working practices. Figure 1 below illustrates the number of recommendations and priority levels assigned for each of the schools audited. Figure 2 outlines the number of recommendations made and priority levels assigned in themes. Please also refer to Appendix A, which presents a full list of the SFVS questions in conjunction with both of these figures.

Figure 1 – Recommendations and their priority levels by School.



1.8 Schools were issued with recommendations where appropriate to improve their internal control environment. One school received a high priority recommendation in relation to their MTFP. The 20 Schools audited received a variety of recommendations, which have been grouped into themes in figure two below.

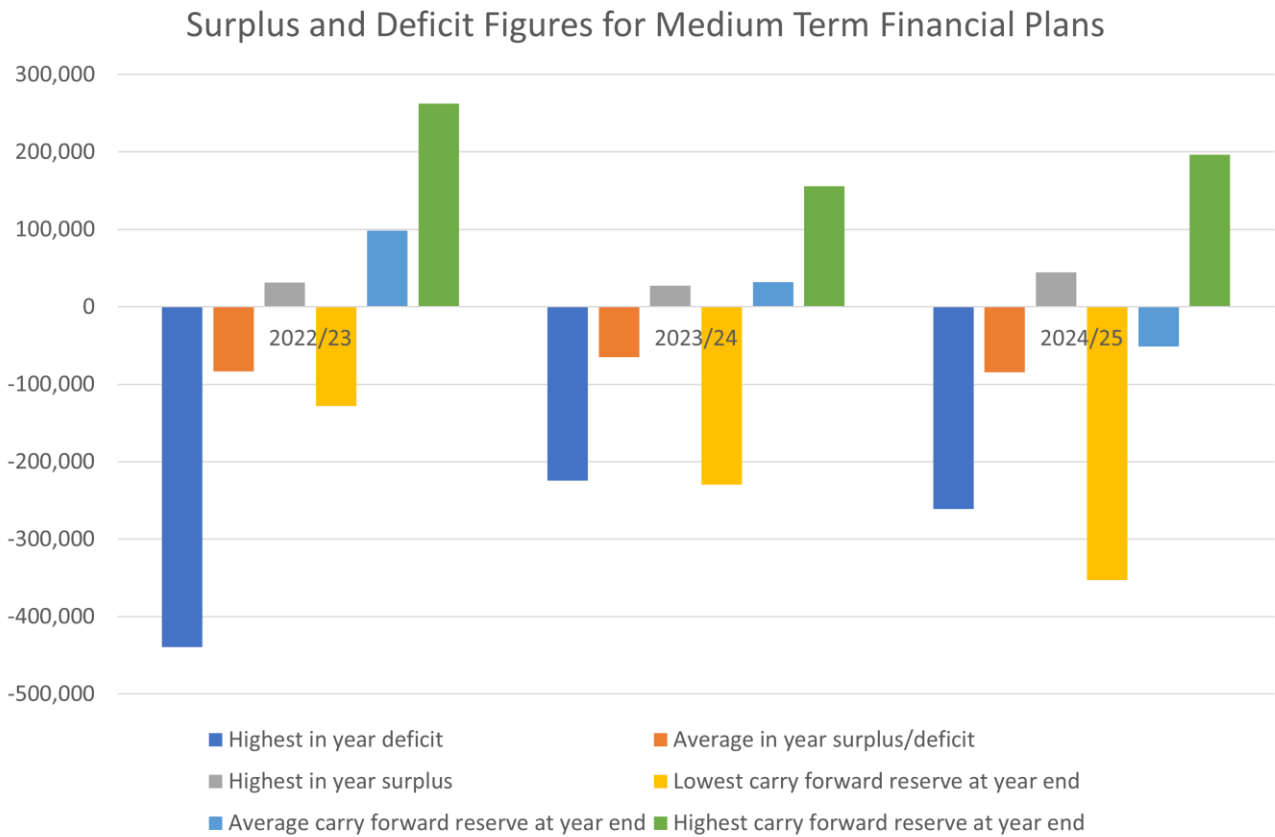
Figure 2 – recommendations and their priority levels by theme.



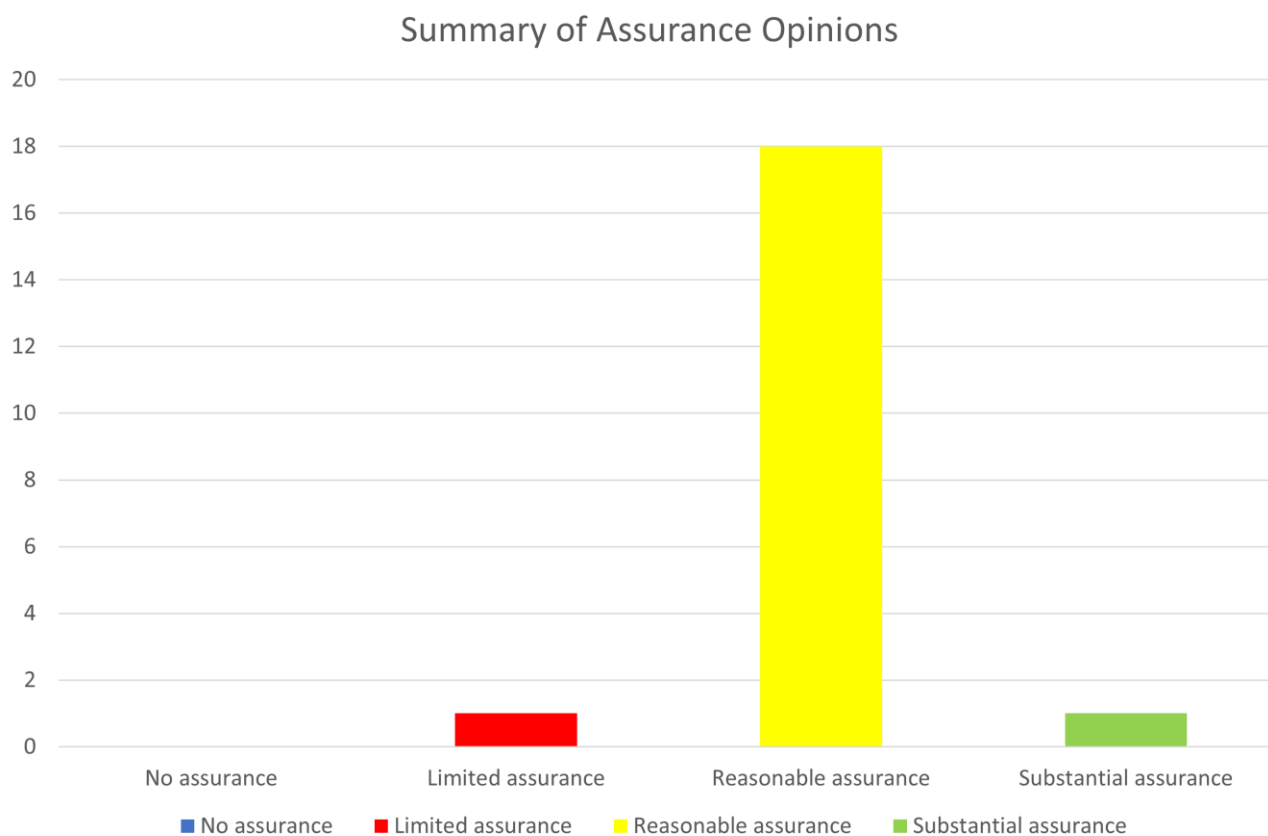
1.9 As part of the audits, a review of the Schools Medium-Term Financial Plans (MTFP’s) was undertaken. This was completed to ensure that Schools were setting a reasonable and balanced budget for the next three financial years. We found that in eight schools, a deficit budget position was predicted: one by 2022/23, three by 2023/24 and four by 2024/25. Figure three below outlines the in-year surplus / deficit position of the schools audited, and their cumulative carry forward (reserve) position at year end for the next three financial years.

1.10 The chart below shows the highest average carry forward (£98,584) in 2022/23. The average carry forward decreases over the next three financial years however, the average in-year deficit decreases in 2023/24 to -£65,024 and increases to -£84,562 in 2024/24. The rising in year deficits demonstrate the reason for the average cumulative carry forward (reserve) reducing over the next three financial years, from £125,237 in 2021/22 to £82,317 in 2023/24.

Figure 3 – Lowest, average, and highest values for the MTFP’s of audited Schools.



1.11 Each school was issued with an overall assurance opinion which summarises the audit opinion of the school. 18 Schools received reasonable assurance, which shows there is a generally sound system of governance, risk management and control in place. The remaining two Schools audited, received either a substantial (one school) or limited opinion (one school) which has been outlined in figure four below.

Figure 4 – Summary of Assurance Opinions.

- 1.12 Question one of the SFVS return asks “In the view of the governing body and senior staff, does the governing body have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money?”. For 12 schools, this was not evident from the supporting documentation provided during our visits. We recommended the schools schedule an annual review of the governor’s skills and competency assessment. We further recommended that the schools document the outcome of the annual review process, for the committee as a collective. This is of particular importance to identify any skills gaps, and thereby supporting any future training plans.
- 1.13 Question two of the SFVS return asks “Does the governing body have a finance committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair?”. There were 15 schools where minor recommendations were made. We assessed the finance (or equivalent) committee’s Terms of Reference against a list of expected areas it would cover and therefore, all advisories and recommendations were in relation to certain expected areas not being covered by the school’s document, primarily responsibilities for overseeing Internal Audit Reports and the school’s fund account.
- 1.14 Question three of the SFVS return asks “Does the governing body board receive clear and concise monitoring reports of the school’s budget position at least six times a year?”. We found six schools had not consistently demonstrated the challenges and questions raised by governors in relation to the school’s financial position within

the minutes of committee meetings. The absence of evidence to support the detailed discussions and key decisions from the governors, may lead to questions as to whether the budget has been thoroughly reviewed.

- 1.15 Question four of the SFVS return asks “Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?”. A recommendation was made to one school where declarations of interest had not been made a standard agenda item at the start of their full governing body meetings. This could lead to the potential risk of decisions being made that are not in the best interests of the school. In the case of five schools, they had not updated their website with the governors’ pecuniary interests. The pecuniary interests of governors should be registered on the school website and be kept up to date, so it is freely available for inspection by governors, staff, and parents.
- 1.16 Question five of the SFVS return asks “Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, for example, on sick leave?”. We were satisfied that this was the case for all schools reviewed as they had financial support contracts in place with Herts for Learning (FSS), which could be extended in the level of support purchased if required.
- 1.17 Question eight of the SFVS return asks “Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?”. Recommendations were made to 17 schools regarding their business continuity/emergency response plan. One school had not created a plan, thus posing a potential risk of the school not having assurance that they would be able to function in the event of a disaster. Nine schools had not shown evidence in the disaster recovery plan of elements being tested in practice. We found the disaster recovery plan for 11 schools was either incomplete or not up to date.
- 1.18 Question nine of the SFVS return asks “Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?”. We found in six schools that an overall deficit budget position was predicted by 2024/25. In two of these schools, this was to happen as early as 2022/23 and high priority recommendations were given as recovery plans were either not in place, or were not sufficient to address the deficit position. Three schools were also noted as having in-year overspends that were pushing them towards a deficit budget position. In three other schools, they were warned of high carry forward amounts that, if continued for three or more years, could result in money being clawed back by the council.
- 1.19 Question ten of the SFVS return asks “Does the budget setting process allow sufficient time for the governing body to scrutinise and challenge the information provided?”. We found in seven schools that sufficient challenge in discussions of the budget was not documented in the minutes. Whilst all schools reviewed demonstrated evidence of the budget being reviewed by Governors, in several schools we raised advisory actions in relation to the creation of a budget setting timetable in order to provide clearer evidence of the budget build process and related roles and responsibilities.

- 1.20 Question twelve of the SFVS return asks “Is end year outturn in line with budget projections, or if not, is the governing body alerted to significant variations in a timely manner, and do such variations result from explicitly planned changes or from genuinely unforeseeable circumstances?”. A theme was raised in four schools whereby the minutes for the finance committee, did not reflect the challenges and questions being raised by governors regarding the schools in- year financial position.
- 1.21 Question thirteen of the SFVS return asks “Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balance at the end of each year?”. In three schools, they were warned of high carry forward amounts that, if continued for three or more years, however we are aware that the Council have temporarily suspended the clawback process.
- 1.22 Question fourteen of the SFVS return asks “Does the school review and challenge its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity?”. In the three schools where recommendations were made in relation to reviewing the staffing structure, it was noted that they were close to or over the 70-80% recommended portion of total expenditure. A staffing structure review was therefore recommended to help those schools close to being in a deficit budget position.
- 1.23 Section E of the SFVS covers questions in relation to value for money, mainly benchmarking. Advisory actions in relation to benchmarking were made in 11 schools. In three schools we found that reports of benchmarking results were not discussed in governor minutes. The SFVS recommends that for best practice, schools should consider the results of the self-assessment dashboard or DfE benchmarking tools. The SFVS also recommends collaboration with other local schools including shared staffing or joint purchasing to improve value for money. We found in five schools that the DfE tools were not being utilised.
- 1.24 Question twenty-seven of the SFVS return asks “Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers?”. The Department for Education checklist guidance states, “schools need a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets”. We found in four schools that their process for cash income such as charity donations does not use an adequate separation of duties. In most, we found that the collection, receipting and banking of cash may have been completed by the same person. We therefore recommended that another person be included, usually for the counting and banking of the cash to ensure fraud is not taking place.
- 1.25 Question thirty of the SFVS return asks “Does the school have adequate arrangements for audit of voluntary funds?”. Eight medium priority recommendations and four low priority recommendations were made. In all of these schools we found that the fund account had not been audited within three months of the end of the financial year, as recommended within the SFVS. We also found in some that an audit had not been completed for a number of years, not since 2014 in one school. We did recognise in some of these cases that efforts had been made to try and have the account audited on time, but the respective schools had been were currently in a waiting list. We recommended arrangements were to be made to have the school

fund account independently audited, and this is to be scheduled in the future in a timely manner. To improve value for money, it was also recommended that they collaborate with another local school and audit each other's accounts.

- 1.26 As part of the audit theme, a questionnaire was issued to the schools to obtain their response in a number of key categories. Responses from this questionnaire indicated that four schools did not have a risk register that outlined the key risks facing the school, and preparations to mitigate these risks and we therefore recommended to these schools that they introduce a risk register, sharing this with governors on a periodic basis.
- 1.27 Collectively the audits have identified common themes in which the robustness of operated controls can be improved. Appendix B summarises these recurring themes, along with the associated potential risk and recommendations to achieve best practice to help mitigate the risk.

As part of the SFVS Return completed by Schools, a response is required to each of the 29 questions outlined below. In addition to this, Schools are required to input financial information that is benchmarked against similar Schools. As a result of the added pressure facing Schools at the time of the audit, SIAS reduced the scope of the audit, and placed some reliance on the SFVS return submitted by the School. A summary of the method of control evaluation for each SFVS question are outlined in the table below.

SFVS Question		Method of Control Evaluation
Governance		
1.	Adequacy of Governing Body financial skills	2021/22 SFVS Return and Questionnaire Response
2.	Terms of Reference for the Finance Committee (or equivalent)	2021/22 SFVS Return
3.	Clarity of monitoring reports of the school's budget position	2021/22 SFVS Return and Questionnaire Response
4.	Register of business interests	2021/22 SFVS Return and Review of additional evidence supplied by the school
5.	Adequacy of access to financial expertise	2021/22 SFVS Return and Review of additional evidence supplied by the school
School strategy		
6.	Sustainability of the Medium-Term Financial Plan for the School	2021/22 SFVS Return and Review of additional evidence supplied by the school
7.	Financial Strategy	Outside of the scope of this review
8.	Appropriateness of the business continuity or disaster recovery plans	2021/22 SFVS Return
Setting the annual budget		
9.	Setting a balanced budget	2021/22 SFVS Return and Review of additional evidence supplied by the school
10.	Time for Governing Body to scrutinise the budget	2021/22 SFVS Return and Questionnaire Response
11.	Accuracy of pupil number projections	Outside of the scope of this review
12.	Outturn figures are presented and variations from the budget are effectively explained	2021/22 SFVS Return and Review of additional evidence supplied by the school

SFVS Question		Method of Control Evaluation
13.	Plans for using retained reserves	Outside of the scope of this review
Staffing		
14.	Staffing Structure review and challenge	2021/22 SFVS Return and Review of additional evidence supplied by the school
15.	Pay decision process for the Head Teacher	2021/22 SFVS Return
16.	Publishing salaries over 100k	2021/22 SFVS Return and Review of additional evidence supplied by the school
17.	Benchmarking the size of the senior leadership team	2021/22 SFVS Return
Value for money		
18.	Benchmarking income and expenditure	2021/22 SFVS Return
19.	Considering self-assessment dashboard or DfE benchmarking tools	2021/22 SFVS Return
20.	Purchasing goods and services as per legal requirements	Outside of the scope of this review
21.	Treatment of expiring contracts for goods and services	2021/22 SFVS Return
22.	Considering collaborating with others to improve value for money	2021/22 SFVS Return
23.	Comparing non-staff expenditure against the DfE national information	2021/22 SFVS Return
24.	Maintenance of premises and other assets	Outside of the scope of this review
Protecting public money		
25.	Outstanding audit recommendations	Outside of the scope of this review
26.	Managing conflict of interests	2021/22 SFVS Return and Review of additional evidence supplied by the school
27.	Guarding against fraud and theft by staff, contractors and suppliers	2021/22 SFVS Return
28.	School's whistleblowing arrangements	2021/22 SFVS Return
29.	School's accounting system	2021/22 SFVS Return
30.	Arrangements for audit of voluntary funds	2021/22 SFVS Return and Review of additional evidence supplied by the school

This section summarises the findings from the 20 schools audited. Individual schools can use this to self-assess the robustness of their own internal control framework for SFVS. A copy of this summary will be placed on the Schools Grid as a reminder of good practice, which is accessible by all maintained schools.

Ref	Finding	Recommendation
1.	<p>Medium Term Financial Planning (MTFP)</p> <p>Six schools have had recommendations made based on their MTFP's suggesting a deficit budget position within the next 3 financial years, where it was not clear what actions had been put in place to address the planned deficit.</p> <p>Additionally, 18 of the 20 schools audited had in-year budget deficits for the 2022/23 financial year. This decreased to 16 Schools for the 2023/24 financial year and 15 for the 2024/25 financial year.</p> <p><u>Associated Potential Risk</u></p> <p>Schools fail to create or implement sufficient plans to reduce the current imbalance between income and expenditure, leading to an inability to produce a balanced budget in the short to medium term.</p>	<p>Where future budget deficits are forecast within the MTFP, it is important that Schools seek appropriate advice, and undertake early actions to generate the required savings or income needed to return the future budgets to a balanced position. Such activities should be formalised within an action plan, which should be monitored by Governors on a regular basis to obtain assurance on the effectiveness and timelines.</p> <p>Given the current inflationary pressures related to both general running costs and pay, it will be critical that financial projections are continually revisited by all schools within the financial monitoring process as the financial year progresses.</p>
2.	<p>Auditing the Fund Account</p> <p>It is a requirement of the SFVS that a school's fund account must be audited within three months of the end of the financial year.</p> <p>We found that in 15 schools, the auditing of the fund account was overdue, which in some cases was several years. In addition, a review of one school's fund account certificate found the account had been audited by the Vice Chair of Governors and therefore did not</p>	<p>Schools are reminded that appropriate arrangements should be put in place to schedule the annual audit of the Fund Account in a timely manner, ideally within three months of the end of the financial year. In addition, it is recommended the schools should allocate the auditing responsibility to an individual who is classed as sufficiently independent in line with the SFVS best practice guidance. This would normally prevent Governors from undertaking</p>

Ref	Finding	Recommendation
	<p>demonstrate sufficient independence, given their potential involvement in the governance of the fund.</p> <p><u>Associated Potential Risk</u></p> <p>Failure to have the Fund Account regularly audited could mean that gaps or incorrect use of the income is not detected, thereby resulting in reputational damage and financial losses. In addition, in the absence of an audit, governors would not have independent assurance that the fund account has been correctly managed and accounted for which would reduce the ability for governors to perform their scrutiny role.</p>	<p>the audit, given they are likely to be involved in the governance of the fund account. In such instances, schools could consider implementing reciprocal arrangements with other schools, thereby saving both money and ensuring independence.</p>
3.	<p>Register of conflicts of interest</p> <p>We found nine schools had either not updated their school website to show governor conflicts of interest or were not regularly recording the declaration of them in governing body meeting minutes. Declarations of interests should be included as a standard agenda item in all Full Governing Body meetings and its committees to ensure that appropriate opportunities are given for declaration</p> <p><u>Associated Potential Risk</u></p> <p>Where the school website is not kept up to date, there is an increased risk of a lack of visible transparency on the governance arrangements operating within the school. Where conflicts are not recorded at the start of governor meetings, assurance cannot be provided that objective decisions took place, keeping in mind the best interests of the schools and its pupils.</p>	<p>Schools should routinely review their governors' pages on the school website to ensure that these remain up to date in respect of declarations of interest, in particular where governor changes occur. This includes the details of the current governors, their responsibilities, and declarations of pecuniary interests (this should be updated annually if necessary). Schools should record conflicts of interest at the start of every governor meeting to ensure objective decisions are taking place.</p>

Ref	Finding	Recommendation
5.	<p>Guarding against Fraud and theft by staff, contractors, and suppliers/ Authorisation of expenses</p> <p>It is important that there is an appropriate separation of duties in the process of collecting income for schools. Although most schools are cashless, we found in four schools that there was not an appropriate separation of duties between the collecting, counting, receipting and banking of cash income for fund account income, for example on charity collection days.</p> <p><u>Associated Potential Risk</u></p> <p>If a separation of duties is not in place, this increases the risk of error and misappropriation. This could result in financial losses to the school or place the sole postholder at risk of allegations of inappropriate activity in the event of fraud or error being identified.</p>	<p>As best practice and to avoid the risk of fraud, when large sums of cash are taken into the school's office or at the end of an event, such as after school charity days, two members of staff are present to count and receipt the cash received. By ensuring that both parties count a receipt the same total, this will improve the controls to prevent the risk of fraud or error and improve the protection for key staff involved in the process.</p>
6.	<p>Adequacy of access to financial expertise/governing body skills assessment</p> <p>It is important that an assessment of the governing body's financial skills takes place on annual basis, and when new governors are recruited, to ensure skills bases are covered and weaknesses can be identified, thereby allowing the school to organise appropriate training to fill gaps.</p> <p>We found that for 12 schools, governor financial skills assessments had either not been completed or did not include all governors. We also found on some of these schools that the headteacher and school business manager, did not complete an assessment.</p>	<p>Schools are reminded that the governing body should schedule an annual review of the governors' skills and competencies. In addition, schools are reminded to document the outcome of the annual review process (for the Committee as a collective) to demonstrate the areas of strength and weakness, and training and development needs. Furthermore, it is recommended the NGA model or other up to date skills assessments templates are used to support this process, such as the resource available on the 'Herts Grid for Learning', available to schools.</p>





Ref	Finding	Recommendation
	<p><u>Associated Potential Risk</u></p> <p>If the governing body do not complete regular skills assessments, they may not identify when there are gaps in the collective financial skills among the Governing Body. This could result in the Governing Body not having adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money.</p>	
7.	<p>Terms of reference for the finance committee</p> <p>The SFVS checklist guidance states "the governing body should define in writing the terms of reference for the committee and the extent of its delegated authority". Recommendations were made to 15 schools in relation to the document not covering all of the areas expected to be seen in the terms.</p> <p><u>Associated Potential Risk</u></p> <p>A lack of clarity surrounding roles and responsibilities may result in Committee members being unclear about their role and/ or responsibilities. This can lead to a risk of decisions being made without being challenged or conversely, significant decisions not being made. Thereby compromising the effectiveness of the school's financial management.</p>	<p>Schools are reminded that key Committee terms of references should be reviewed and updated annually to ensure they remain up to date.</p> <p>Terms of reference for the finance committee would normally include:</p> <ol style="list-style-type: none"> 1) Budget Scrutiny prior to recommending approval to FGB 2) Budget Monitoring 3) Financial Forecasting 4) Delegated limits (referring to the SoFD if necessary) 5) Responsibilities of internal control 6) Administration of voluntary funds 7) Requirement for annual review 8) Meeting Frequency (and is this met) 9) Quoracy and the makeup of attendees (how many to be quorate and how should the quorate be made up, non-school and school attendees) 10) Arrangements for reporting to FGB 11) Use of associate members (to provide financial support) and their role and responsibilities 12) Review of Internal Audit Reports

Ref	Finding	Recommendation
8.	<p>Adequacy of Governing Body minutes</p> <p>We found seven schools had not consistently demonstrated the challenges and questions raised by governors in relation to the school's financial position within minutes of committee meetings.</p> <p><u>Associated Potential Risk</u></p> <p>The absence of evidence of formal challenge on the school's budget position may lead to questions as to whether the in-year financial position has been subject to appropriate oversight. Furthermore, the absence of evidence to support the detailed discussions and key decisions from the budget working party may lead to questions as to whether the budget has been thoroughly reviewed.</p>	<p>Schools are reminded that Full Governing Body and Finance Committee minutes should clearly indicate when Governors are provided with Budget Monitors in order to review and discuss, evidence oversight and challenge. In addition, where questions are raised by Governors on the information provided, in particular in relation to Budget Monitoring and Budget Setting, these should be recorded within the minutes, along with the officer response.</p>
9.	<p>Risk Register</p> <p>We found that four schools did not have a risk register that outlined the key risks facing the school, and preparations to mitigate these risks</p> <p><u>Associated Potential Risk</u></p> <p>If the school has not recorded and assessed the impact of key risks it faces, it leaves the school vulnerable should key risks materialise, and appropriate preparations have not been made.</p>	<p>Schools are reminded that they should maintain, regularly review, and update a thorough risk register that records key risks facing the school. This risk register should incorporate the following sections (as followed by HCC).</p>
10.	<p>Appropriateness of business continuity or disaster recovery plan</p>	

Ref	Finding	Recommendation
	<p>We made recommendations to 17 schools regarding their business continuity plan. One school had not created a disaster recovery plan. Nine schools had not shown evidence in the disaster recovery plan of elements being tested in practise. We found the disaster recovery plan for 11 schools was either incomplete or not up to date.</p> <p><u>Associated Potential Risk</u></p> <p>Without the absence of a regularly tested and up-to-date business continuity plan the school cannot evidence that it would be fit for purpose, or that the school are able to continue to function in the event of a disaster. This would have a potentially significant short-term impact on the education of pupils.</p>	<p>A reminder of best practice for schools is to ensure the Emergency Response Plan is fully completed to include all relevant information required. A template of the plan can be found on the Grid.</p> <p>Furthermore, the plan should be subject to at least annual testing to ensure that it would function in practice and the plan subsequently revised to address any issues or weaknesses identified. Results of this testing should be reported to the Full Governing Body. Schools are also reminded to regularly complete the test exercises to ensure the details held are fit for purpose. Any lessons and improvements identified during exercises should be considered during the next scheduled review of the plan.</p>

Appendix C – Definitions of Assurance and Finding Priorities Themed Audit – Schools Financial Value Standard 2022/23

Assurance Level	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priority Level			Definition
Corporate	Critical		Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High		Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium		Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low / Advisory		Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.