Internal Audit Report

SOCIAL & EDUCATION TRANSPORT CONTRACT MANAGEMENT

Governance Opinion

Control Environment	Satisfactory
Compliance	Satisfactory
Organisational Impact	Minor

Report Issued	30/04/2019
Follow Up Due	31/05/2019
Audit Committee Schedule	28/5/2019

Executive Summary

1   Background

1.1   As a response to allegations made regarding three community transport organisations, in 2016 the Council commissioned an external investigation into the organisations and the Council's contractual relationships with them. As a result of information-gathering by Internal Audit, to inform this review, a number of control weaknesses within the Council's transport services came to light. An interim report was issued in August 2017 by Internal Audit regarding these issues, which included a number of recommendations.

1.2   Following the publication of the final investigation report in July 2018, Internal Audit has been commissioned to conduct a review of contract management within Transport. This review was planned to focus on the areas of highest risk, within the Social and Education Transport Team (SETT), and followed-up on the key risks and controls identified in the interim report and main investigation report. The final version of this report will be presented to Audit & Accounts Committee, as part of the follow-up to the investigation.

1.3   The SETT provides a range of transport across Cambridgeshire including home to school, home to day centre, and ad-hoc transport for a variety of teams within the Council.

2   Audit Approach / Scope

2.1   This review will provide assurance over high-risk areas of concern that were identified in the interim report, specifically the Social & Education Transport Team's (SETT) arrangements for procurement, contract management including supplier performance monitoring and payment, and business continuity. Areas that are not covered in this report include driver/passenger awareness training, the production of bus passes and DBS badges, and the Total Transport project.

2.2   The review was conducted in two phases. The first phase was an analytical review of financial and contractual data to identify any unexpected variances requiring investigation.

2.3   The second phase covered the governance of contract management arrangements within the service, including processes to record, manage and review contracts. This incorporated a review of process documents and sample testing of contracts and payments. In particular, this considered: processes to record all contracts; to identify trigger points for action; to review, record and respond to contractor performance; and the processes in place for reviewing and paying supplier invoices. An analytical review was conducted of a sample of

15 contracts, to verify whether actual contract expenditure is in line with expected expenditure.

2.4   The second phase of the review also covered the process for procurement within the service. This included confirming that processes are in place to ensure that contracts are identified for re-tendering in a timely way, that contract documentation is complete, accessible, and covers key controls, that business continuity arrangements are embedded within the service, that processes for extending contracts are codified and utilised, and that there are processes in place to ensure that the CCC-owned fleet is leveraged effectively.

3   Key Risks

3.1   **The Councils safeguarding responsibilities are not met.**

The Council has statutory safeguarding responsibilities to those in its care and if drivers and other frontline staff are not adequately vetted issues could arise which may result in legal and reputational damage to the Council.

Safeguarding issues could also arise due to business continuity issues, resulting in service users either missing school/day care, or not being brought home afterwards.

3.2   **The Council's Contract Procedure Rules are not complied with.**

The Council's Contract Procedure Rules are in place to help ensure fairness and value for money. If these rules are not adhered to the Council could be accused of favouritism and/or not receive value for money from its procurements.

Internal Audit Opinion and Main Conclusions

4   Main Conclusions

4.1   Based on our fieldwork, we are able to provide a **satisfactory** assurance opinion over the control environment, meaning that some control weaknesses exist which present a medium risk to the control environment. **Satisfactory** assurance is also given over compliance, meaning that testing has identified some issues which should have been prevented or mitigated against.

4.2   Overall, the Social & Education Transport Team (SETT) has made progress since the interim report in the recording and storing their contracts, and their communication with suppliers around monitoring and breaches is good. There are some issues that were identified as areas for improvement. These include:

- **Supplier monitoring is not consistent or risk-based:** The team undertakes checks on suppliers to ensure they comply with contract terms and conditions; but in practice the process does not ensure annual monitoring of all suppliers, and where suppliers are found to have failed to comply with their contract(s) there is no process to re-check them within a reasonable time period. The supplier breach process is based around a six-month timescale, but this does not align with the intention to monitor suppliers on an annual basis. This creates a risk that suppliers who breach contract terms and conditions are not identified or dealt with in a timely way.
- **Financial processes:** The SETT service does not use the ERP system to pay invoices. Instead, SETT use a manual process to create an interface spreadsheet, which is processed by the Accounts Payable team. This was introduced due to initial difficulty making payments to suppliers during the implementation of ERP Gold, however it is not expected practice, and exposes both SETT and other Council services to risk, particularly around budgetary control and forecasting.
- **Length of call for tenders:** Of ten contracts that were procured through the Council's transport framework, the average length of the call for tenders was just 3.36 days, with the average annual value being £57,743 and the average length of contract 8.9 months. Such a short tendering period is not likely to allow all possible bidders to make offers or to achieve best value from contracts.
- **Emergency Procurements:** The service's Business Continuity Plan states that contracts let under emergency procedures "will be re-tendered as soon as possible, in line with normal procurement practice". This did not occur in any of the six emergency procurements tested; all were let until the end of the school year. This results in long-term contracts being let with a one-day call for tenders, which is not likely to allow all possible bidders to make offers or to achieve best value.

4.3   These issues are explored in more detail below.

Internal Audit Detailed Findings and Recommendations

5 Monitoring of Suppliers

5.1 Within the SETT is a monitoring team which undertakes visits to schools and day centres, checking each route to that school/day centre that day to monitor suppliers' performance. These monitoring visits are performed on an ad hoc basis both proactively and reactively (responding to tip-offs from schools, parents, other suppliers). The service aims to monitor each route 1-2 times per year. When a breach of contract is identified, the supplier is awarded penalty points, depending on the severity of the offence.

5.2 A number of issues with the current processes were identified by Internal Audit:

- **Inconsistent levels of monitoring:** Of the 15 routes sampled, monitoring rates over the previous 17 months ranged from 0 times (three routes) to five times (two routes). In practice therefore some routes are being monitored much less frequently than the service intends, increasing the likelihood that supplier breaches are not identified.
- **Monitoring is not risk-based:** Monitoring is not performed on a risk-assessed basis. Any supplier which accrues 100 penalty points in a six-month period has their contract terminated. However, where suppliers are found to have failed to comply with their contract(s) there is no process to re-check them within the six month period. This creates the risk that supplier monitoring is not effective in identifying and deterring repeat non-compliance.
- **Recording of monitoring and outcomes:** The service has a separate record for monitoring activity and for breach recording. This double recording can lead to monitoring and/or breach instances being missed from one or both records (as was

Recommendations:

The monitoring procedure should be reviewed and updated. This should include a procedure to ensure that suppliers who are found to have breached the Terms and Conditions of the contract are re-monitored sometime in the next two months, ideally with multiple supplier routes monitored after a breach. A process should also be introduced to ensure that all suppliers are monitored at least once per year. The service should consider introducing reporting to senior management a summary of breaches at the end of each term, with serious breaches and terminations reported immediately at management discretion.

The breaches record spreadsheet and monitoring history spreadsheet should be amalgamated into a single document.

noted in one instance in testing), resulting in the records not giving and accurate reflection of circumstances, hindering compliance and monitoring follow-up.

6   Approach to DBS Breach

6.1   All drivers who drive for the Council must have a SETT-issued Disclosure & Barring Service (DBS) Card, which evidences that CCC have reviewed the driver's DBS check and the driver is cleared to drive. During one routine monitoring visit, a driver was found to not have their CCC SETT DBS Card, and it was found that their card had expired three months prior. Although a subsequent check showed that the DBS was ongoing and clear, the service was not able to evidence that the driver was immediately suspended from driving on CCC routes until this check had been done. It is crucial that drivers are suspended in such instances until the DBS check is completed, and that full documentary evidence is retained to demonstrate the Council's response.

6.2   The supplier was given 50 penalty points in response to this incident, the standard number of penalty points for a missing DBS check. This was later reduced to 20 on appeal, as the driver claimed to have been told by CCC staff not to renew his card.

> **Recommendation:**
>
> Whenever the service identify a breach of DBS requirements, the record of the breach must include full documented evidence of the process followed. This should include formal notification to the company that the driver is suspended from driving on CCC routes until the DBS check has been confirmed (this need not necessarily wait until the SETT Card is received, as long as SETT retain a record that the check has been completed and cleared).
>
> The standard 50 penalty points issued for failure to follow DBS requirements should be applied in all cases even when a subsequent check is clear.

7   Financial Processes

7.1   The service does not use the ERP system to pay invoices. Instead the team use a manual process to create an interface spreadsheet for payments, which is processed by the Accounts Payable team. This was introduced due to difficulty making payments to suppliers during the implementation of ERP Gold, however it is not expected practice and exposes both the SETT service and other Council services to risk:

- Because no Purchase Orders are raised on the system, budget holders cannot see transport expenditure which has been committed (but not yet incurred) on their cost centres. This impedes robust budgetary control and forecasting beyond the SETT service itself.

- Expenditure is incurred against cost centres without the approval of the budget holder. Again, this impedes robust budgetary control and forecasting.
- The process of manually creating the interface spreadsheet for payments, and having two officers check every line, is more onerous over the course of the year compared to raising a single Purchase Order at the start of each contract and simply approving expenditure against it on an ongoing basis.
- The manual process of creating the interface spreadsheet is open to human error or interference and is not subject to the automated controls of the ERP system which seek to prevent fraud and duplication.
- Payments on the interface spreadsheet are not always linked to details of the relevant service user (e.g. a SWIFT ID), which creates problems for the Finance team who need to ensure that commitments are loaded for each service user on their system, in order to ensure that forecasting is accurate and that duplicate payments or services provided in error can be identified.

7.2   There is no evidence that this variation from use of the Council's standard financial system has been approved by the Chief Finance Officer as required by the Scheme of Financial Management.[1]

7.3   The SETT service maintains financial commitment records giving detail of the expected cost of each contract to year end. The quality of these commitment records is variable; while the record for home to school transport is quite comprehensive, the spreadsheets for adults are more variable and do not incorporate records of all journeys.

> **Recommendations:**
>
> A full financial processes review should be conducted by the SETT in conjunction with the Professional Finance team. This should include immediately ensuring that payments made via interface spreadsheet are linked to a SWIFT ID, and that invoices include the names of relevant service users.
>
> And in the longer term:
>
> - Developing a new commitment record spreadsheet for adults transport, consistent with the approach in Children's, which contains all journeys and client information in an appropriate format.
> - Reinstating the correct use of Purchase Orders and goods receipting for the payment of all SETT invoices, in line with the Scheme of Financial Management.

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[1] "Services must seek authorisation from the Chief Finance Officer before implementing local financial systems".

8   Tendering Length (Non-Emergency Procurement)

8.1   Contracts less than one year in length are procured by the SETT against a framework contract. Of the ten contracts in the sample that were procured through the framework the average length for the call for tenders was 3.36 days, with the average annual value being £57,743 and the average length of contract 8.9 months.

8.2   Such a short tendering period is not likely to allow all possible bidders to make offers; three of the ten contracts reviewed received fewer than three bids. While the framework technically permits such short tendering periods, this is not good practice, particularly given the value and duration of the contracts being tendered. A longer tendering period for non-emergency contracts of at least one week would assist the service in receiving all possible bids and securing best value for the contracts.

> **Recommendation:**
>
> Minimum tender times of at least one week should be established for all regular tenders, and the service should aim to allow more time than this in most cases.

8.3   It was also noted that all non-emergency contracts of less than one year in duration were tendered at the same time (March – May, for a start date of September). This concentrates a large amount of work in a short-time frame. Spreading out the tendering process (and, if necessary, contract start dates) over the year would ease the workload of the service.

> **Recommendation:**
>
> The service should consider organising contracts and tenders in tranches throughout the year (based on school terms, where appropriate) in order to disperse the tendering workload.

9   Tendering of Emergency Procurements

9.1   The audit reviewed a sample of six contracts that were tendered under emergency procedures, i.e. when a supplier has failed and a replacement is needed urgently. All six of these contracts were put out to tender for one day. The service's Business Continuity Plan states that 'contracts temporarily let in this way will be re-tendered as soon as possible, in line with normal procurement practice.' This did not occur in any of the six emergency procurements tested; all were let until the end of the school year.

9.2   It is noted that Internal Audit were provided with evidence that five of the six routes reviewed did receive more than three bids, despite the short tendering window, which

provides some assurance that there was a reasonable level of competition in these cases. However, tendering lengthy contracts for such short time periods significantly restricts the number of organisations likely to bid for the contracts, and is not likely to achieve best value over the long term. While the team feel that having to re-tender emergency contacts would increase their workload, the service has previously been challenged for its practices around the letting of emergency contracts (re: the PKF investigation into community transport), and the current practices increase the risk of further challenge.

Recommendation:

Emergency contracts should not be let for longer than until the end of the school term, during which time they can be re-tendered using a longer tender time.

Detailed agreed actions are listed within the Management Action Plan (MAP) on pages 8 to13.

MANAGEMENT ACTION PLAN

The Agreed Actions are categorised on the following basis:

Essential - Action is imperative to ensure that the objectives for the area under review are met.

Important - Requires action to avoid exposure to significant risks in achieving objectives for the area under review.

Standard - Action recommended to enhance control or improve operational efficiency.

No.	Issues & Risks (Precis)	Agreed Action	Management Comments	Manager Responsible & *Target Date*
1.	**Drivers without DBS** During one routine monitoring visit a driver was found to not have their CCC SETT DBS Card, and it was found that their card had expired three months prior. Although a subsequent check showed that the DBS was ongoing and clear, the service was not able to evidence that the driver was immediately suspended from driving on CCC routes until this check had been done. It is crucial that drivers are suspended in such instances until the DBS check is completed, and that full documentary evidence is retained to demonstrate the Council's response. If a driver drives a SETT route without being DBS cleared the Council is open to legal challenge and reputation damage. The supplier was given 50 penalty points in response to this incident, the standard number of penalty points for a missing DBS check. This was later reduced to 20 on appeal, as the driver claimed to have been told by CCC staff not to renew his card.	**Essential** Whenever the service identify a breach of DBS requirements, the record of the breach must include full documented evidence of the process followed. This should include formal notification to the company that the driver is suspended from driving on CCC routes until the DBS check has been confirmed (this need not necessarily wait until the SETT Card is received, as long as SETT retain a record that the check has been completed and cleared). The standard 50 penalty points issued for failure to follow DBS requirements should be applied in all cases even when a subsequent check is clear.	Recommendation accepted by management. No change in policy required. Management to be more aware of the need to produce a full audit trail for all serious breaches, especially those which are DBS related.	Martin Kemp (SETT Quality Manager) This action has been completed and completion agreed by Internal Audit at the time of final report issue.

No.	Issues & Risks (Precis)	Agreed Action	Management Comments	Manager Responsible & *Target Date*
2.	**Monitoring Schedule** Although the Council undertakes spot-check monitoring of compliance with contractual terms and conditions, in practice the process does not ensure annual monitoring of all suppliers, and where suppliers are found to have failed to comply with their contract(s) there is no process to re-check them within a reasonable time period. The supplier breach process is based around a six-month timescale, but this does not align with the intention to monitor suppliers on an annual basis. The breach spreadsheet and monitoring spreadsheet were found to have some inconsistent information. This creates a risk that suppliers who breach contract terms and conditions are not identified or dealt with in a timely way.	**Important** The monitoring procedure should be reviewed and updated. This should include a procedure to ensure that suppliers who are found to have breached the Terms and Conditions of the contract are re-monitored sometime in the next two months, ideally with multiple supplier routes monitored after a breach. A process should also be introduced to ensure that all suppliers are monitored at least once per year. The service should consider introducing reporting to senior management a summary of breaches at the end of each term, with serious breaches and terminations reported immediately at management discretion. The breaches record spreadsheet and monitoring history spreadsheet should be amalgamated into a single document.	Management agree to implement a loose monitoring schedule that maintains unpredictability yet ensures full monitoring coverage. This will include timely re-monitoring of routes found to have breached. Management agree to report to senior management at the end of each term a summary of breaches that have occurred, with more detail being given on more serious offences. Terminations and serious offences will be reported immediately. An amalgamated spreadsheet recording monitoring instances and breaches will be created.	Martin Kemp (SETT Quality Manager) 31st May Martin Kemp (SETT Quality Manager) Pro-forma created by 31st May Martin Kemp (SETT Quality Manager) 31st May

No.	Issues & Risks (Precis)	Agreed Action	Management Comments	Manager Responsible & *Target Date*
3.	**Length of Call For Tenders** Contracts less than one year in length are procured by the SETT against a framework contract. Of the ten contracts in the sample that were procured through the framework the average length for the call for tenders was 3.36 days, with the average annual value being £57,743 and the average length of contract 8.9 months. Such a short tendering period is not likely to allow all possible bidders to make offers; three of the ten contracts reviewed received fewer than three bids. A longer tendering period for non-emergency contracts of at least one week would assist the service in receiving all possible bids and securing best value for the contracts.	**Important** Minimum tender times of at least one week (ideally longer) should be established for all regular tenders, and the service should aim to allow more time than this in most cases.	Tendering times are necessarily flexible due to variable time-frames imposed on transport. It is agreed that during a regular tendering period, and at other times where possible, tenders will be put out for at least one week, however there is understanding where time constraints dictate a shorter tender time. Where tendering times are short the number of bids received will be taken into consideration, when considering appropriateness of tender length.	Martin Kemp (SETT Quality Manager) 31st May

No.	Issues & Risks (Precis)	Agreed Action	Management Comments	Manager Responsible & *Target Date*
4.	**Emergency Procurements** Audit reviewed a sample of six contracts that were tendered under emergency procedures, i.e. when a supplier has failed and a replacement is needed urgently. All six of these contracts were put out to tender for one day. The service's Business Continuity Plan states that 'contracts temporarily let in this way will be re-tendered as soon as possible, in line with normal procurement practice.' This did not occur in any of the six emergency procurements tested; all were let until the end of the school year. Tendering lengthy contracts for such short time periods significantly restricts the number of organisations likely to bid for the contracts, and is not likely to achieve best value over the long term. The current practices increase the risk of supplier challenge.	**Important** Emergency contracts should not be let for longer than until the end of the school term, during which time they can be re-tendered using a longer tender time.	Policy to be that emergency contracts are let until the end of-, or half- term (where this is greater than three weeks hence) while an e-tender is undertaken. This e-tender is to be for at least one week. Where this is not necessary (e.g. where a large number of bids are received, where vehicle requirements dictate a longer, initial offer) an exception form will be completed and signed by senior management.	Martin Kemp (SETT Quality Manager) 31st May

No.	Issues & Risks (Precis)	Agreed Action	Management Comments	Manager Responsible & *Target Date*
5.	**Financial processes:** The SETT service does not use the ERP system to pay invoices. Instead, SETT use a manual process to create an interface spreadsheet, which is processed by the Accounts Payable team. This was introduced due to initial difficulty making payments to suppliers during the implementation of ERP Gold, however it is not expected practice, is not in line with the requirements of the Scheme of Financial Management, and exposes both SETT and other Council services to risk, particularly around budgetary control and forecasting.	**Important** A full financial processes review should be conducted by the SETT in conjunction with the Professional Finance team. This should include immediately ensuring that payments made via interface spreadsheet are linked to a SWIFT ID or other relevant identifier. The review should also ensure that interface payments are being used in the most efficient manner, reducing the amount of duplicate entry required and the risk of human error occurring in the payments. And in the longer term: • Developing a new commitment record spreadsheet for adults and LAC transport, which contains all journeys and client information. • Reinstating the use of Purchase Orders and receipting for the payment of all SETT invoices, in line with the Scheme of Financial Management.	Finance officers Ashling Manning and Emma Jones to discuss with Lillian Grainger the production of a more complete interface spreadsheet (to include Swift ID numbers or other identifier) and commitment record (to aid forecasting.) Management reject movement to purchase orders.	Emma Jones (Finance Business Partner – Education Directorate) 31st July

No.	Issues & Risks (Precis)	Agreed Action	Management Comments	Manager Responsible & *Target Date*
6.	**Signed Contracts:** The service maintains a 'Contract Chasing Spreadsheet', which has recently morphed into a spreadsheet covering not only chasing for signatures, but also keeping records of bids and contract costs, however for the sample chosen this was not thoroughly utilised and 10/15 contracts in our sample had not been signed. All contracts that are on the 'Contracts Chasing Spreadsheet' are in breach of that informal procedure as they have not been signed within seven weeks of being issued. Without signed contracts, the service is not compliant with Contract Procedure Rules and the service's legal standing in the event of a supplier challenging the terms and conditions is jeopardised.	**Standard** The service should create a clear plan to ensure that the backlog of unsigned contracts is addressed and to ensure that the Contract Chasing Spreadsheet is kept up-to-date.	Agreed. A plan will be formulated to catch-up on the backlog of unsigned contracts. Furthermore a formalised process for contract chasing will be created to help ensure timely signing of contracts in the future.	Martin Kemp (SETT Quality Manager) 31st May
7.	**Tendering Dispersal** Tendering all regular contracts at the same time of year creates a bottle-neck of work for the service that could be alleviated by dispersing the tendering process across the year.	**Standard** Tenders should be organised in tranches throughout the year in order to disperse the tendering workload.	Management reject this idea as it has been trialled previously and was found to increase work-load (due to student number fluctuations being partially aligned to school years) and reduce value for money (as competing for suppliers across multiple counties is best done early and in one block.)	N/A

No.	Issues & Risks (Precis)	Agreed Action	Management Comments	Manager Responsible & *Target Date*
8.	**Business Continuity** There are two current contracts that the routes are supplied under. Neither of these state that suppliers must have their own business continuity plans. From those routes sampled nine include provision that suppliers must notify the service of any business continuity issues, while six state that the service must only be notified in the event of industrial action. These provisions could be elaborated upon to clearly state that the service must be notified of all business continuity issues.	**Standard** That the terms and conditions of the contracts routes are supplied under are amended to include notification by the supplier to the service of any business continuity issues, and requirement for business continuity planning.	Agreed. The service will review possibilities for adding business continuity clauses into existing contracts as well as considering these issues when creating the next DPS and Framework contracts.	Martin Kemp (SETT Quality Manager) 31st May

Appendix 1 – Glossary / Definitions

There are three elements to consider when determining an assurance opinion as set out below.

1   Control Environment / System Assurance

The adequacy of the control environment / system is perhaps the most important as this establishes the key controls and frequently systems 'police/ enforce' good control operated by individuals.

Assessed Level	Definitions
Substantial	Substantial governance measures are in place that give confidence the control environment operates effectively.
Good	Governance measures are in place with only minor control weaknesses that present low risk to the control environment.
Satisfactory	Systems operate to a moderate level with some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

2   Compliance Assurance

Strong systems of control should enforce compliance whilst ensuring 'ease of use'. Strong systems can be abused / bypassed and therefore testing ascertains the extent to which the controls are being complied with in practice. Operational reality within testing accepts a level of variation from agreed controls where circumstances require.

Assessed Level	Definitions
Substantial	Testing has identified that the control environment has operated as intended without exception.
Good	Testing has identified good compliance. Although some errors have been detected these were exceptional and acceptable.
Satisfactory	The control environment has mainly operated as intended although errors have been detected that should have been prevented / mitigated.
Limited	The control environment has not operated as intended. Significant errors have been detected and/or compliance levels unacceptable.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse. The system of control is essentially absent.

3   Organisational Impact

The overall organisational impact of the findings of the audit will be reported as major, moderate or minor. All reports with major organisational impact will be reported to SMT along with the relevant Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

4   Findings prioritisation key

When assessing findings, reference is made to the Risk Management matrix which scores the impact and likelihood of identified risks arising from the control weakness found, as set out in the MAP.

For ease of reference, we have used a high/medium/low system to prioritise our recommendations, as follows:

E	**Essential** Failure to address the weakness has a high probability of leading to the occurrence or recurrence of an identified high-risk event that would have a serious impact on the achievement of service or organisational objectives, or may lead to significant financial/ reputational loss. The improvement is critical to the system of internal control and action should be implemented as quickly as possible.	I	**Important** Failure to respond to the finding may lead to the occurrence or recurrence of an identified risk event that would have a significant impact on achievement of service or organisational objectives, or may lead to material financial/ reputational loss. The improvement will have a significant effect on the system of internal control and action should be prioritised appropriately.	S	**Standard** The finding is important to maintain good control, provide better value for money or improve efficiency. Failure to take action may diminish the ability to achieve service objectives effectively and efficiently. Management should implement promptly or formally agree to accept the risks.

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