Payroll Review

Internal Audit Final Report 09_10 1.4

Assurance rating this review	Moderate

Distribution List
Chief Executive - Peter Sloman
Interim Executive Finance Director – Nigel Pursey
Heads of Finance - Penny Gardner/Sarah Fogden
Head of People and Equalities – Simon Howick
Performance Board

Contents

Background and scope

Introduction

This review was undertaken as part of the 2009/10 Internal Audit Plan agreed by the Audit and Governance Committee.

This report has been prepared solely for Oxford City Council in accordance with the terms and conditions set out in our letter of engagement. We do not accept or assume any liability or duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without our prior written consent.

Background

The Authority has an internal payroll team which administers payroll through use of the Agresso Payroll system. The Authority is to roll out a new payroll system in 2010/11

Our review identified the following areas of best practice:

- Leavers are removed on a timely basis following authorisation and consideration of untaken holiday and debt owed to the Council

- Audit trails for the Job Evaluation process are in place without exception

- Issues around physical access to the Payroll department and information noted in prior years have been rectified. Physical controls are now thorough and effectively safeguard the Councils assets

That said, a number of issues have been noted around the Payroll system. The following response has been provided by the responsible manager in reference to our findings:

> *Overall I am satisfied that there is moderate control design and operational effectiveness in place regarding the payroll function and we have moved forward considerably in the last year. We have taken a risk based and pragmatic approach to continuing to provide the service with assurance, in the context of the forthcoming arrival of the new HR Management Information System (due to go live on payroll in June 2010). This major strategic initiative will include provision of some of the payroll function through a bureau (Midland Software) who will undertake various aspects including payroll calculation and statutory returns. Generally though, without question there is room for improvement (as with any payroll function) but my view is that the team provides a good service to the Council with a generally low error rate, with a high degree of competence and checks and balances generally in place.*
>
> *Since the appointment of the Systems & Reward Manager (in July 2007) the function has been modernised considerably, without increasing risk. The payroll function undertakes huge amounts of data checking which is necessary generally and due to the shortcomings of the current payroll system. This provides some assurance as does the clear separation of duties between HR and Payroll and comprehensive training plans built into 1:1's which ensure Payroll people are well trained. The modernisation of the payroll function (which is continuing) has significantly reduced the amount of paperwork and increased automation and use of technology. There is increased control out in the service areas, which has arisen for example by the introduction of a consolidated temporary adjustments form (e.g. overtime) which helps*

give clarity to managers over what each employee is claiming on one sheet (rather than numerous separate timesheets. The function will be revolutionised by the introduction of the new system, with significant increases in efficiency arising across the whole service.

The strategic decision to purchase and develop a new HRMIS (and the consequent resourcing of that project team principally from the payroll function) has not resulted in any attention being deflected off the current arrangements, from the payroll perspective. Some notable good work has been undertaken since the last audit, including implementation of all previous recommendations (apart from one which is on-going) and in particular (following concerns over the number of cheque payments being made) cheque payments have dramatically reduced due to operational changes (nil in February 2010).

A much larger task which should give a sense of the high level of importance the team places in good governance has been a total review of the presence of employee files and purge of leavers (which was an issue in the last close of accounts). This resulted in the whole team being involved in a systematic, resource intensive exercise to provide assurance and a good basis from which to work from. This will play into a proposed data migration and sign-off exercise arising as a result of implementation of the new system.

A second exercise has been undertaken which, had it not been, would potentially place the organisation at considerable financial risk. It has been a focus on the completeness and correctness of pensions data, in liaison with County. Our payroll team has committed vast amounts of time to this exercise to ensure completeness and correctness of data. We have cleared through the hundreds of pension queries (which are typical for all authorities) which will mean our forthcoming actuarial valuation will not be adversely impacted by incomplete data (which would otherwise lead the actuaries making assumptions over liabilities and this would potentially increase our employers contribution moving forward).

Finally, I would welcome the input of Internal audit regarding the new HRMIS to ensure we continue to develop the system in line with best practice.

Approach and scope

Approach

Our work is designed to comply with Government Internal Audit Standards [GIAS] and the CIPFA Code.

Scope of our work

In accordance with our Terms of Reference (Appendix 1), agreed with the Head of People and Equalities,we undertook a limited scope audit of Payroll.

This limited scope audit involved a review of the design of the key controls together with detailed testing to determine whether the controls are operating in practice.

Limitations of scope

The scope of our work was limited to those areas identified in the terms of reference.

Staff involved in this review

We would like to thank all client staff involved in this review for their co-operation and assistance.

Name of client staff
Simon Howick – Head of People and Equalities
Sean Hoskin - Payroll and HR Administration Officer
Wanda Thorne - Team Leader Payroll and HR Admin

Our opinion and assurance statement

Introduction

This report summarises the findings of our review of Payroll

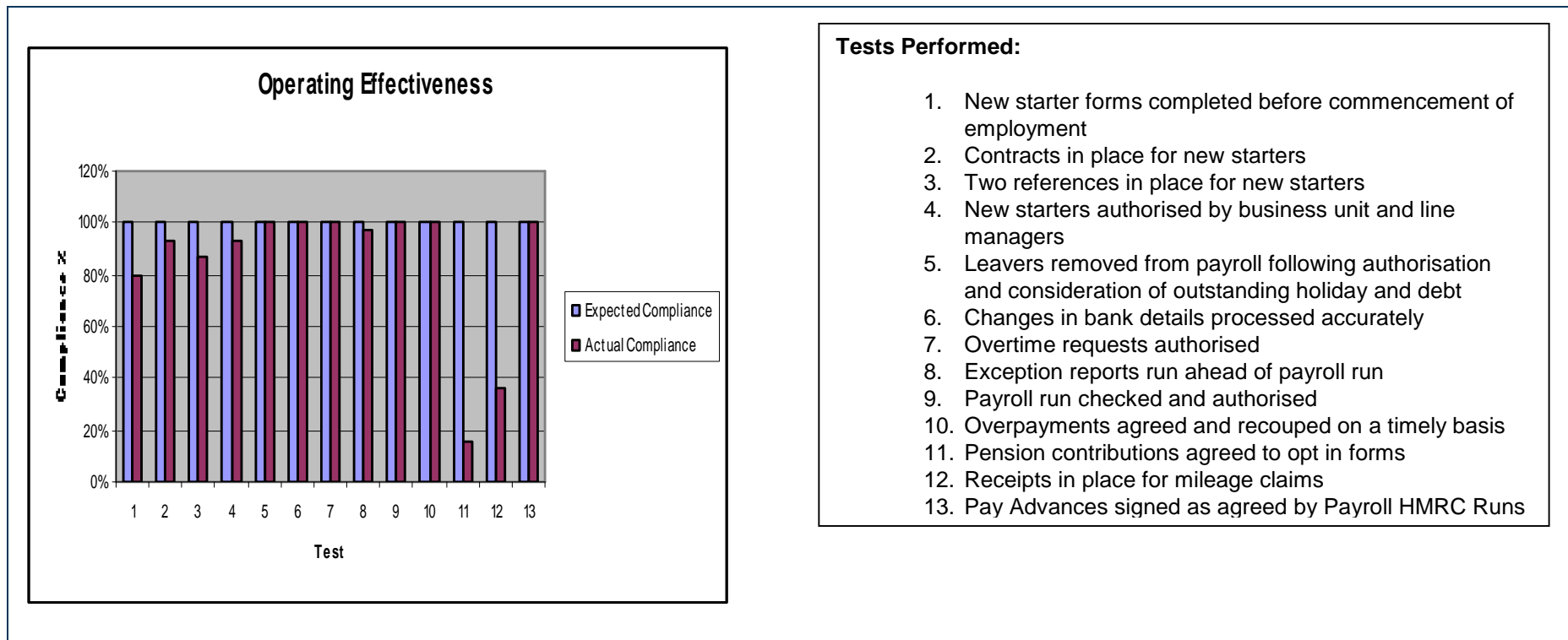Each of the issues identified has been categorised according to risk as follows:

Risk rating	Assessment rationale
●● Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the *authority's objectives* in relation to: the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
● High	Control weakness that has or is likely to have a significant impact upon the achievement of key *system, function or process* objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall authority objectives.
● Medium	Control weakness that: • has a low impact on the achievement of the key system, function or process objectives; • has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
● Low	Control weakness that does not impact upon the achievement of key *system, function or process* objectives; however implementation of the recommendation would improve overall control.

Executive Summary

Department:	Overall Opinion:	Direction of Travel	Number of Control Design issues identified	Number of Controls Operating in Practice issues identified
Audit Owner: Simon Howick **Date of last review**: December 2008	**Moderate Assurance** There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than significant or they are unlikely to occur.	No previous review has been conducted by PwC. Follow up on previous auditors recommendations has been detailed below.	**0** Critical **0** High **5** Medium **2** Low	**0** Critical **0** High **2** Medium **0** Low

Follow up of prior year issues

Rating	Implemented or not applicable	Outstanding or Partially implemented
Critical	0	0
High	0	1
Medium	6	0
Low	1	0

Other Considerations

Use of Resources-related	Corporate Plan- related
Controls around payroll internal control may impact on this Key Line of Enquiry.	None noted

VFM-related	Financial Reporting related
None noted	Payroll balances may be misstated if reconciliations are not performed between payroll and HR systems.

Scope of the Review

To ensure that payments are made to bona fide employees of the authority in accordance with contractual arrangements and that all amounts are accurately reflected in the accounts of the authority.

Compliance Summary

Operating Effectiveness

Tests Performed:

1. New starter forms completed before commencement of employment
2. Contracts in place for new starters
3. Two references in place for new starters
4. New starters authorised by business unit and line managers
5. Leavers removed from payroll following authorisation and consideration of outstanding holiday and debt
6. Changes in bank details processed accurately
7. Overtime requests authorised
8. Exception reports run ahead of payroll run
9. Payroll run checked and authorised
10. Overpayments agreed and recouped on a timely basis
11. Pension contributions agreed to opt in forms
12. Receipts in place for mileage claims
13. Pay Advances signed as agreed by Payroll HMRC Runs

Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Payroll, subject to the following limitations.

Internal control

Internal control, no matter how well designed and operated, can provide only **reasonable** and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

The assessment of controls relating to Payroll is that historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or

- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We shall endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.

Findings and recommendations

Ref	Control weakness found	Specific risk	Risk rating	Recommendations	Management response	Officer responsible & implementation date
Control design						
1	A change of circumstance form should be completed for any changes to payroll details (e.g. bank details or tax codes). It is not possible to run a report from the Payroll system to show changes made in year.

It should be noted that no issues were noted when tracing a sample of change of circumstance forms to the payroll system. | If changes to payroll cannot be flagged on the payroll system, management can have little comfort that all changes have been identified and processed correctly. | 🟠

Medium | If exception reports cannot be produced to identify changes to payroll information, the Authority should ensure that sufficient review is performed on budgetary control information to identify changes which have caused a significant effect.

The functionality of the Council's new payroll system should be investigated to ensure that an exception report is run ahead of the payroll to identify changes made to the payroll. A sample of these should be checked to completed change of circumstance forms to ensure that changes have been processed correctly. | **Agreed**

There is no facility on the current payroll system to identify changes made to payroll. That said, payroll information is provided to budget holders at a detailed level to allow them to identify changes effecting amounts paid.

The new payroll system will allow for exception reports to be run and this will be included as part of the monthly close down process. In addition, the Council is looking to introduce self service functions on the payroll system which will allow employees to make changes to their own details. | **Sean Hoskins**
1st June 2010 |

Ref	Control weakness found	Specific risk	Risk rating	Recommendations	Management response	Officer responsible & implementation date
2	There are currently no controls in place to identify duplicates or overpayments. Whilst the payroll system will identify if 2 individuals are set up with the same National Insurance number, there are no controls in place to ensure that additional or incorrect payments are not processed.	Duplicates may not be identified on a timely basis. Employees may be overpaid.	🟠 Medium	If exception reports cannot be produced to identify duplicate payments, the Authority should ensure that sufficient review is performed on budgetary control information to identify potential duplicate payments. The functionality of the Council's new payroll system should be investigated to ensure that an exception report is run ahead of the payroll to identify large movement in pay that may indicate duplicate payments.	**Agreed** There is no exception report facility on the current payroll system to produce duplicate /overpayment reports. However, the entire establishment was signed off by Heads of Service prior to October 2009 as part of the implementation of Single Status - this process including production of new contracts of employment for all staff. The data sign-off is also being repeated currently to migrate data onto the new payroll system. This gives high assurance regarding the presence of and payment to employees. Payslips are distributed to managers 2 days before pay day which gives them time to inform payroll of any issues. On a monthly basis, payroll information is provided to budget holders at a detailed level to allow them to identify potential duplicates. It is not possible to set up the same payroll element twice to the named employee. There is written authority to make each payment which is processed and verified by the HR & Payroll teams"	**Sean Hoskins** **1st June 2010**

Ref	Control weakness found	Specific risk	Risk rating	Recommendations	Management response	Officer responsible & implementation date
3	There is currently no management information produced for the payroll function.	Management decisions may be based on insufficient information.	🟠 Medium	A suite of management reports should be designed and produced on a periodic basis. This could include: • Gross pay by grade; • Level and number of overpayments; • Pay advances authorised; • Level of expenses; • Workforce information Despite the payroll function having no National Indicators to monitor, the use of internal targets should be considered.	**Agreed** The current payroll system does not have the functionality to produce management information. In the light of the development of a new HRMIS, it would not be feasible or cost effective to develop the current system to produce this. However there is comprehensive management information available regarding sickness across the organisation, and Best Value performance indicators. A new suite of management information is available as part of the implementation of the new HRMIS due for launch in early 2010	**Simon Howick** **1st April 2010**
4	There are no procedure notes in place for the payroll function.	Officers may by unaware of their roles and responsibilities leading to an increase risk of error.	🟠 Medium	Procedure notes should be drawn up for all payroll processes.	**Agreed** Procedure notes are in the process of being drawn up for the new payroll system. These will be available for all staff. Responsibilities have been considered as part of the mapping of the new payroll system and it is agreed that different officers will check and run the payroll.	**Sean Hoskins** **1st June 2010**

Ref	Control weakness found	Specific risk	Risk rating	Recommendations	Management response	Officer responsible & implementation date
5	The current payroll system only shows total expense payments for mileage and does not detail a reconciliation of how this has been calculated from the number of miles.	Mileage claims may be paid incorrectly or claimed fraudulently.	● Low	A clear reconciliation for all mileage claims should be put in place. .	**Agreed** Due to tax legislation, some calculations for mileage claims involve a number of calculations. This should be documented. The new payroll system will automatically calculate mileage claims from the parameters input.	**Sean Hoskins 1st June 2010**

Ref	Control weakness found	Specific risk	Risk rating	Recommendations	Management response	Officer responsible & implementation date
6	There is currently no reconciliation performed between the HR and Payroll systems.	The payroll system may not be complete. Leavers may not be removed or starters added on a timely basis. Payroll may not be complete.	● Medium	A regular reconciliation should be performed between the HR and Payroll systems to ensure completeness of the payroll. Any reconciling items should be rectified.	**Agreed** It would not be possible to reconcile the HR and Payroll due to the fact that operationally, the current HR system is simply used as a recruitment tool only. Therefore this would provide no more assurance. In terms of the process for starters, details are passed from HR to payroll via a contract details form. Without this, an employee will not be set up on the system. Payroll input is then checked by another officer. Leavers are processed following receipt of a leavers form from HR (and the monitoring of the establishment on a monthly basis, plus additional sign off exercises provides more assurance. Again receipt of payslips by managers provides an opportunity to raise any issues. In addition, the approval of the establishment prior to Single Status provided comfort over the completeness of the payroll.	**Sean Hoskins** **1st June 2010**
7	There is no authorised signatories listing (ASL) to detail those officers authorised to process starters and leavers.	Changes to payroll may not be authorised by an appropriate officer.	● Low	An ASL should be drawn up to indicate those officers authorised to process starters and leavers.	**Agreed** An ASL will be put in place.	**Sean Hoskins** **1st June 2010**

Ref	Control weakness found	Specific risk	Risk rating	Recommendations	Management response	Officer responsible & implementation date
Operating Effectiveness						
8	Reconciliations between Payroll and the General Ledger systems are currently behind.	Payroll balances may be misstated.	🟠 Medium	Reconciliations between the Payroll and General Ledger systems should be performed on monthly basis.	**Agreed** There is currently a delay in the completion of control account reconciliations due to the completion of the trial close down in finance. All reconciliations will be completed by year end.	**Sarah Fogden** **31st March 2010**

Ref	Control weakness found	Specific risk	Risk rating	Recommendations	Management response	Officer responsible & implementation date
9	The following information should be in place for all new starters: • A new starters checklist should be completed by payroll; • Starters should be authorised by both a Business Unit and Line Manager; • Two references should be obtained; • CRB checks should be performed for those in areas of responsibility • Evidence of the right to work in the UK should be provided The following issues were noted when testing 15 new starters in year: • 1/15 new starters was not authorised by management • No new starters checklist was produced for 3/15 starters tested; • Two references were not held for 4/15 of the tested sample; • No contract of employment could be obtained for 1/15 employees	Employment offers may be made without due care and authorisation. The Council may be in breach of employment legislation if correct protocols are not followed.	🟠 Medium	Payroll officers should be reminded of the procedure for new starters. Spot checks should be performed on a regular basis to ensure adherence to processes.	**Agreed** There have been fundamental changes made to the processing arrangements around new starters and work is still in process to ensure all documents are present and correct on files from those employees who are already in post. We are entirely confident that there is a robust process for all forthcoming new starters A spreadsheet showing all outstanding information (most notably around references) is maintained in Payroll and is reviewed on a regular basis. The Payroll department will be reminded of the procedures as part of training on the new system.	**Simon Howick/Sean Hoskins** **With Immediate Effect**

Follow up of prior year recommendations

Recommendation		Risk Rating	Response to recommendation	09/10 update
1	We sampled 20 personnel files for new starters, and reviewed the documentation held on the file against the documentation checklist developed by the Payroll Manager in response to recommendation 1 in our 2007/08 report as detailed in Appendix B. We found that there was no evidence on file to support: • Qualifications for 64% of the sample where a qualification was deemed relevant; • Two references being obtained for 52% of new starters sampled • Identification Checks to confirm eligibility to work in the United Kingdom for 24% of new starters sampled • P45 or P46 form being held on file for 30% of new starters sampled • Occupational Health Forms being held on file for 24% of new starters sampled • A contract of employment signed by the employee being held on file for 12% of new starters sampled • Bank details being held on file for 12% of new starters sampled • Criminal Record Check being received from the Bureau for 20% of new starters where a criminal record check was required.	● High	Agreed	**Partially Implemented** **See issue #9**

Recommendation		Risk Rating	Response to recommendation	09/10 update
2	We observed that throughout our time on site in the Payroll Office, access was at no point restricted. We confirmed with the Payroll Manager that the Payroll Office is never locked, including outside working hours. This leaves the office accessible to members of the public passing the Town Hall. The Payroll Manager also confirmed that last year a member of the public had accessed the Payroll Office simply by walking in from the street. We note that the majority of personnel files are locked in secure filing cabinets, but bank details and other personal information are separately filed on a shelf in the office	● Medium	Agreed	**Implemented**
3	We reviewed the access rights for the Payroll System as part of our audit. We noted that: There are 3 Super Users for the Payroll System. They are Sean Hoskins (Payroll Manager), Wanda Thorne (Payroll Team Leader) and Ralph Palmer (System Administrator). These users are able to perform all functions within the Payroll System. This includes setting up new employees and entering and amending salary details. There has not been a formal review of the user access rights for the Payroll system. As part of our review it was identified that the Payroll Team Leader	● Medium	Agreed	**Not Applicable**
4	We sampled 20 amendments to payroll data and identified that in 13 cases, there was no documentation from the employees' line manager to support the amendment. • In 7 cases the amendment was a change in the employee's salary. • In 5 cases the amendment was a non recurring reward payment to an employee. • In 1 case the amendment was a change in the employee's hours. In all cases an amendment form had been completed and signed by HR and Payroll, but the amendment form was not signed by the employee's manager. The Authority's policy is to attach authorisation from the employee's manager in all cases	● Medium	Agreed	**Implemented**

	Recommendation	Risk Rating	Response to recommendation	09/10 update
5	The Authority's Leavers procedure requires a leaver's annual leave entitlement to be calculated at the estimated leave date. The annual leave entitlement should then be included within the leaver's final pay packet. We sampled 20 leavers and identified that in 12 cases there was no confirmation of annual leave from line managers on file. In 1 instance it was identified that an overpayment had been made to an employee that had left the authority following the completion of student placement. This had not been chased. In 2 instances we could not agree the final payment made to the notification forms received by Payroll from individual Business Units. It was further noted that for both employees the leaver forms were authorised after the employee had left the Authority. It was identified through discussion with the Payroll Manager that annual leave confirmation is rarely received in a timely manner prior to an employee being closed on the payroll system upon their leave date. When it is subsequently received, a second notification is processed and a cheque is issued to make payment. This does not appear to be efficient	● Medium	Agreed	**Implemented**
6	Allocation of cash received from Ring Go and Verrus to the car park cost centres has not been performed for the financial year to date. No reconciliation has been performed to match the amounts as per the daily RingGo emails, banks statements and general ledger. We understand that this is due to a change in post at the end of March	● Medium	Procedures have now been put into place.	**Implemented**

	Recommendation	Risk Rating	Response to recommendation	09/10 update
7	The Authority's leavers procedure requires that adequate documentation is kept on file during the leaver process. As a consequence a central file for all leavers documentation is maintained. This should include notification of termination of employment, employer acceptance of the termination and employee acceptance of the termination, for example in the form of a resignation letter and employer acceptance of that letter. We sampled 20 leavers in the 2008/09 year and found that in 10 cases there was no notification of termination of employment or evidence of employer / employee acceptance of the termination.	● Medium	Agreed	**Implemented**
8	We tested 10 mileage claims presented to Payroll to ensure that they were supported by evidence and paid correctly. We noted that the Authority has implemented a new spreadsheet for employees to submit mileage claims which has reduced the need for manual calculations by payroll staff. However, the automated spreadsheet has no capability to monitor the 8,500 mile threshold at which rates claimed significantly reduce. We note that very few employees generate mileage in excess of 8,500 miles each year	● Low	Agreed	**Implemented**

Appendix 1 - Terms of Reference

Objectives and deliverables

Objectives

To ensure that payments are made to bona fide employees of the authority in accordance with contractual arrangements and that all amounts are accurately reflected in the accounts of the authority

Deliverables

Our deliverable will be a report detailing our findings with regard to our assessment of the design and effectiveness of controls in place over the Payroll process.

Information requirements

Listed below is information that may be required at the commencement of the audit:

- Copies of procedure notes;
- Listing of all new joiners, leavers and payroll amendments in the year and corresponding documentation;
- Copies of all exception reports (e.g. duplicate payments);
- Access to all payment runs;
- Copies of all absence forms;
- Management information produced; and
- Listing of all new payroll users and leavers in year. Evidence that they have been authorised to be added/removed to access lists.

The list is not intended to be exhaustive. Evidence should be available to support all operating controls. Other information arising from our review of the above documentation may be requested on an ad hoc basis.

Our scope and approach

Scope and approach

Our work will focus on identifying the guidance, procedures and controls in place to mitigate key risks through:

➢ Documenting the underlying guidance, policy and processes in place and identifying key controls;
➢ Considering whether the policies and procedures in place are fit for purpose; and
➢ Testing key controls.

The key points that we will focus on are:

➢ Sufficient controls exist over starters, leavers and amendments to payroll;
➢ Expense claims are supported and paid in line with policy;
➢ Adequate segregation of duties is in place;
➢ Payments are made in line with contractual terms;
➢ Any increases to pay are appropriately authorised and temporary variations monitored and reverted;
➢ Calculation of deductions is correct;
➢ Regular management and monitoring information is produced and reviewed;
➢ Payments made through BACS / Cheque are appropriately controlled;
➢ Payroll reconciliations are regularly performed;
➢ Systems security and integrity is satisfactory; and
➢ Detailed policies and procedures are in place.

We will discuss our findings with the Head of People and Equalities or nominated representative to develop recommendations and action plans. A draft report will be issued to the Head of People and Equalities and any other relevant officers for review and to document management responses.

Limitation of scope

The scope of our work will be limited to those areas identified in the terms of reference.

Stakeholders and responsibilities

Role	Contacts	Responsibilities
Head of People and Equalities Payroll and HR Administrator	Simon Howick Sean Hoskins	▪ Review draft terms of reference ▪ Review and meet to discuss issues arising and develop management responses and action plan ▪ Review draft report and receive final report. ▪ Implement agreed recommendations and ensure ongoing compliance.
Heads of Finance Interim Executive Finance Director	Penny Gardner Sarah Fogden Nigel Pursey	▪ Receive agreed terms of reference ▪ Receive draft and final reports.
Chief Executive	Peter Sloman	▪ Receive final report

Our team and timetable

Our team

Chief Internal Auditor	Chris Dickens
Audit Manager	Katherine Bennett
Auditors	George Hynds/Louisa Metcalfe

Timetable

Steps	Date
TOR approval	January 2010
Fieldwork commencement	1st February 2010
Fieldwork completed	T + 2 weeks
Draft report of findings issued	T + 4 weeks
Receipt of Management response	T + 6 weeks
Final report of findings issued	T + 7 weeks

Budget

Our budget for this assignment is 5 days. If the number of days required to perform this review increases above the number of days budgeted, we will bring this to management attention.

Terms of reference approval

These Terms of Reference have been reviewed and approved:

....

Simon Howick
Signature (Head of People and Equalities)

....

Chris Dickens
Signature (Chief Internal Auditor)

Appendix 2 - Assurance ratings

Level of assurance	Description
High	No control weaknesses were identified; or
	Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.
Moderate	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than significant or they are unlikely to occur.
Limited	There are some weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of key system, function or process objectives but should not have a significant impact on the achievement of organisational objectives. However, there are discrete elements of the key system, function or process where we have not identified any significant weaknesses in the design and / or operation of controls which could impair the achievement of the objectives of the system, function or process. We are therefore able to give limited assurance over certain discrete aspects of the system, function or process.
No	There are weaknesses in the design and/or operation of controls which [in aggregate] could have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisation objectives.