

# NHS Lothian

Internal Audit 2023/24

Generic (Nursing) Recruitment Review

January 2024

## FINAL REPORT

**Emily Mayne**

Head of Internal Audit

T 0121 232 5309

E [emily.j.mayne@uk.gt.com](mailto:emily.j.mayne@uk.gt.com)

**Jamie Fraser**

Internal Audit Assistant Manager

T 0141 223 0886

E [jamie.a.fraser@uk.gt.com](mailto:jamie.a.fraser@uk.gt.com)

**Matt Lee**

Assistant Manager

T 0121 232 8784

E [matt.d.lee@uk.gt.com](mailto:matt.d.lee@uk.gt.com)

# Contents



This report is confidential and is intended for use by the management and directors of NHS Lothian. It forms part of our continuing dialogue with you. It should not be made available, in whole or in part, to any third party without our prior written consent. We do not accept responsibility for any reliance that third parties may place upon this report. Any third party relying on this report does so entirely at its own risk. We accept no liability to any third party for any loss or damage suffered or costs incurred, arising out of or in connection with the use of this report, however such loss or damage is caused.

It is the responsibility solely of NHS Lothian management and directors to ensure there are adequate arrangements in place in relation to risk management, governance, control and value for money.



Section	Page
Executive summary	03
Headline messages	05
Summary of findings	07
Detailed findings & action plan	09

<b>Appendices</b>	15
Appendix 1: Staff involved and documents reviewed	16
Appendix 2: Our assurance levels	17

## Report Distribution

### Executive Lead:

- Alison MacDonald, Executive Director of Nursing, Midwifery and AHPs

### For action:

- Ruth Kelly, Deputy Director of HR
- Fiona Ireland, Deputy Director of Nursing
- Catherine Crombie, General Manager Corporate Nursing
- Jenni Duncan, Head of Resourcing

### For Information:

- Calum Campbell - Chief Executive
- Janis Butler, Director of HR and OD
- Craig Marriott - Director of Finance
- Audit and Risk Committee

# Executive summary



## Background

The Generic Recruitment Team is responsible for nursing recruitment.

An effective nursing recruitment process is vital for the seamless operation and overall success of healthcare organisations. It ensures the timely and efficient attraction and selection of qualified, competent nursing professionals who possess the requisite skills, knowledge, and experience.

Our review evaluated key milestones, starting from the Recruitment Authorisation Form (RAF) to the issuance of employment contracts, with the intention of identifying any bottlenecks or areas of performance deviation.

NHS Lothian operates a continuous nursing recruitment process where successful applicants are matched with vacant posts, with the interviewer considering where the applicant would be best placed. Our review assessed the methodology of staff placements and determined whether risk is taken into consideration during the decision-making process.

As agreed during our planning meeting discussions, we have reviewed a sample of successful registered and non-registered nursing candidates from the Acute sector, starting from the RAF to the issuance of the employment contract.



## Objectives

Our review focussed on the following key risks:

- Non-compliant recruitment practices due to inadequate adherence to generic recruitment policies and procedures, potentially leading to inconsistent and improper recruitment outcomes.
- Insufficient completion and documentation of essential eligibility and background checks, potentially resulting in the hiring of unsuitable individuals.
- Delays, inefficiencies, and potential staffing shortages due to inadequate staff placement methodology.
- Increased risk and suboptimal placement of nursing professionals due to inadequate staff placement methodology.
- Inadequate monitoring of recruitment progress and practices, leading to potential quality of care issues and hindered workforce development.

---

# Executive summary

---



## Limitations in scope

Please note that our conclusion is limited by scope. It is limited to the risks outlined above. Other risks exist in this process which our review and therefore our conclusion has not considered. Where sample testing has been undertaken, our findings and conclusions are limited to the items selected for testing.

This report does not constitute an assurance engagement as set out under ISAE 3000.



## Acknowledgement

We would like to take this opportunity to thank your staff for their co-operation during this internal audit.

# Headline messages



## Conclusion

### Moderate Assurance

We have reviewed the processes and controls around Generic Recruitment and have concluded that the processes have provided a **Moderate Level of Assurance**. This was confirmed through testing in specific areas of the organisation and through discussions with management.

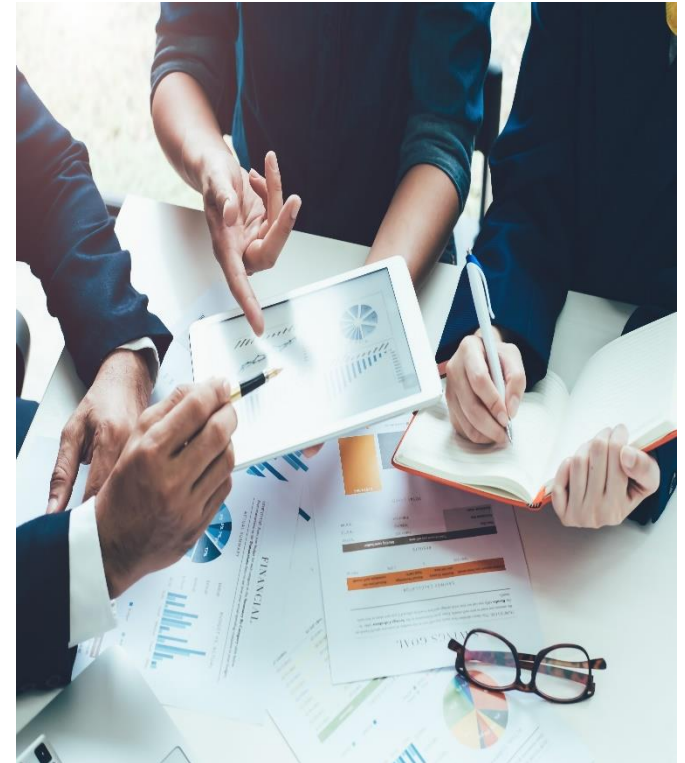
The objectives reviewed are set out on the following page with the assurance rating we have assessed for each one and the number of recommendations raised. We have reported by exception against the areas where we consider that Management and the Audit and Risk Committee should focus their attention.

Our review, primarily focused on the Generic Recruitment Team responsible for nursing recruitment. However, we identified areas of risk that extend beyond the recruitment to the wider recruitment department. Our report findings include two medium-risk recommendations that reside outside the Generic Recruitment Team. Firstly, the current Recruitment and Selection Policy, dated April 2010, requires a formal review to ensure it is aligned with modern legal frameworks such as GDPR. Secondly, while training is available for recruitment managers, it is neither required or monitored. This highlights concerns about compliance with procedures and competency. Service Managers involved in interviews need regular training to maintain the required skills, knowledge, and awareness of the latest recruitment techniques and NHS Lothian's recruitment procedures.

Specific audit findings in the Generic Recruitment Team's operations include a need for robust Key Performance Indicators (KPIs) to identify bottlenecks in the recruitment process and improved data quality. The use of Jobtrain, under the 'Once for Scotland' initiative, has led to challenges in monitoring and reporting due to its lack of reports, resulting in reliance on spreadsheets for date tracking. Analysis of these spreadsheets showed delays at various recruitment stages: 24 days on average from Recruitment Authorisation Form (RAF) completion to sharing with recruitment, 92 days from receipt by recruitment to a conditional offer, and 45 days from offer to start date, leading to an average recruitment time of 161 days. After excluding data irregularities, such as extreme outliers, the average recruitment time reduces to 126 days [just over 4 months].

Additionally, issues with capturing data on the RAF hindered our assessment of the time taken by managers to complete RAFs following staff departure notifications. The forms did not include details of the previous post holders, preventing us from determining the duration between leaver notifications and RAF completion.

We will review progress made as part of our recommendation tracking during the remainder of 2023/24.



# Headline messages



## Conclusion

We have raised 6 recommendations. The grading of these recommendations based on risk, is summarised in the table below.

Risks	Assurance rating	Number of recommendations			
		High	Medium	Low	Imp
Non-compliant recruitment practices due to inadequate adherence to generic recruitment policies and procedures, potentially leading to inconsistent and improper recruitment outcomes.	Moderate Assurance	-	2	-	-
Insufficient completion and documentation of essential eligibility and background checks, potentially resulting in the hiring of unsuitable individuals.	Significant Assurance	-	-	1	-
Delays, inefficiencies, and potential staffing shortages due to inadequate timeliness and efficiency in the recruitment process.	Moderate Assurance	-	1	-	-
Increased risk and suboptimal placement of nursing professionals due to inadequate staff placement methodology.	Significant Assurance	-	-	-	-
Inadequate monitoring of recruitment progress and practices, leading to potential quality of care issues and hindered workforce development.	Moderate Assurance	-	2	-	-

# Summary of findings



## Examples of where recommended practices are being applied

- Nursing recruitment comes under the 'Generic Recruitment' process. The core concept of Generic Recruitment is to simplify the candidate experience with a "One Application, One Interview, One Decision" approach.
- The recruitment process involves posting a single advert that covers entire areas, promoting efficiency.
- There is a unified interview process ensuring a standardised approach to promote fairness. The interview process uses consistent criteria and questions for all candidates, reducing bias, optimising resource allocation, improving candidate experience, and enhancing decision-making.
- By offering a single application and interview process, Generic Recruitment enhances the overall experience for candidates seeking positions within NHS Lothian. Candidates only need to apply once and if successful based on their preference, receive an offer for a position in their preferred area or be placed on a holding list, eliminating the need to apply to multiple adverts.
- The audit identified a structured approach to matching nursing staff with job vacancies, incorporating candidates' preferences and prior experience. The use of a holding list for candidates when preferred roles are not available is a proactive measure.



# Summary of findings



## Areas requiring improvement

- NHS Lothian's Recruitment and Selection Policy, dated April 2010, requires a review and may no longer be in line with the latest legal requirements. Specifically, there are concerns about compliance with evolving data protection standards, such as the General Data Protection Regulation (GDPR).
- E-learning training for recruitment managers is advised not required increasing the risk of non-compliance with organisational procedures and impacting adherence to best practices and regulatory compliance.
- We identified there is a lack of clarity over the responsibility for the selection of background checks, and potentially confusing terminology for checks of candidate who have worked overseas.
- The Recruitment Team utilises a tracking spreadsheet for monitoring various stages of the recruitment process. Upon review, there are several entries found to be incomplete or outliers (due to data entry). Data integrity concerns compromise the ability to accurately assure that all necessary checks and verifications have been completed in a timely manner for potential hires.
- Sample testing of the recruitment process has revealed extended timeframes from the completion of the Recruitment Authorisation Form (RAF) to the actual start date. This is coupled with an absence of structured oversight of key milestones, which, in turn, increases the likelihood of inefficiencies and delays in filling job vacancies.
- KPIs have not been established for generic recruitment, and current plans do not include RAF completion targets or recruitment effectiveness and quality metrics. The development of KPIs should include metrics such as new staff retention, quality of hire, offer acceptance rates and consideration of qualitative metrics to assess candidate experiences.
- We identified weaknesses in data capture related to the Recruitment Authorisation Form (RAF). Sample testing of RAF forms revealed insufficient information about previous post holders resulting in an inability to calculate the notification timeline from managers being aware that a staff member was leaving and completion of the RAF.



# Detailed findings & action plan

1.1

Moderate Assurance

Non-compliant recruitment practices due to inadequate adherence to generic recruitment policies and procedures, potentially leading to inconsistent and improper recruitment outcomes.

Finding and implication	Audit recommendation	Management response, including actions
<p><u>Outdated Recruitment and Selection Policy</u></p> <p>NHS Lothian's Recruitment and Selection Policy has an issued date of April 2010, which raises concerns regarding compliance with current legal standards and best practices.</p> <p>The policy is generally well-structured and aligns with principles of fairness, non-discrimination, and inclusivity. However, the policy's age raises concerns with alignment with newer legal requirements. One of the most prominent legislative updates since the policy's last revision is the General Data Protection Regulation (GDPR), which came into force in May 2018.</p> <p>Despite the United Kingdom leaving the European Union, the GDPR remains applicable under UK law. The GDPR has stringent requirements on data protection, particularly concerning the collection, storage, and usage of personal information during the recruitment process. Given that the Recruitment and Selection Policy predates these requirements, its compliance with contemporary legal frameworks is uncertain.</p>	<p>Recommendation 1</p> <p>Complete a formal review of NHS Lothian's Recruitment and Selection Policy to ensure compliance with current legal standards, including the General Data Protection Regulation (GDPR), as well as to align with the policy's monitoring and review requirements.</p>	<p><b>Management Response:</b> The Recruitment and Selection policy document is out of date and has been replaced with the Equality, Diversity and Inclusion Policy which includes information in relation to recruitment. In addition, HR online also has up to date recruitment guidance and this is kept up to date with the latest guidance. The online arrangement is easy to update individual elements when things change rather than redrafting a policy. All pages of HR Online are also currently being reviewed to make sure they remain fit for purpose. GDPR is an issue under Information Governance and there is a separate policy.</p> <p><b>Actions:</b> The 2010 Recruitment &amp; Selection policy will be removed from the intranet to prevent further confusion.</p> <p><b>Responsible Officer:</b> Ruth Kelly, Deputy Director of HR</p> <p><b>Executive Lead:</b> Janis Butler, Director of HR</p> <p><b>Due Date:</b> 31st Jan 2024</p>

# Detailed findings & action plan

1.2

Moderate Assurance

Non-compliant recruitment practices due to inadequate adherence to generic recruitment policies and procedures, potentially leading to inconsistent and improper recruitment outcomes.

Finding and implication	Audit recommendation	Management response, including actions
<p><u>Unmonitored Recruitment Training</u></p> <p>E-learning training for managers involved in recruitment is neither required nor monitored, posing risks to compliance and effectiveness.</p> <p>The current mode of training for all managers involved in recruitment is via an e-learning module. Although this training is not required, it is expected that all managers will complete it. Notably, completion of this e-learning module is not monitored by the recruitment team or within services. Prior to the Covid pandemic, face-to-face training was the primary method for delivery. Moreover, the training is a one-time requirement, and there is no mechanism in place to confirm attendance at face-to-face sessions conducted before the pandemic.</p> <p>Based on available information, it was not possible to confirm whether the recruitment managers in our test sample have completed the training.</p>	<p>Recommendation 2</p> <p>NHS Lothian should strongly encourage the completion of the recruitment and selection e-learning module for all managers involved in the recruitment process. This may also necessitate periodic refresher training to ensure ongoing proficiency.</p>	<p><b>Management Response:</b> All staff participating in interview panels should have completed the Recruiting with Fairness and Equality Training available on HR online which is recorded through eESS and also be up to date with their Equality and Diversity Mandatory Training.</p> <p>Any manager putting forward interviewers is required to ensure that the interviewers are competent to do so and have completed the necessary training.</p> <p><b>Actions:</b> The requirements for interviewers to have undertaken the training outlined above before sitting on an interview panel will be reiterated via an All Leaders and Managers Brief.</p> <p><b>Responsible Officer:</b> Ruth Kelly, Deputy Director of HR</p> <p><b>Executive Lead:</b> Janis Butler, Director of HR</p> <p><b>Due Date:</b> 31st Jan 2024</p>

# Detailed findings & action plan

2.1

## Significant Assurance

Insufficient completion and documentation of essential eligibility and background checks, potentially resulting in the hiring of unsuitable individuals.

Finding and implication	Audit recommendation	Management response, including actions
<p><u>Lack of Clarity on Responsibility for Selecting Required Background Checks.</u></p> <p>We identified there is a lack of clarity over the responsibility for the selection of background checks, and potentially confusing terminology for checks of candidate who have worked overseas.</p> <p>The NHS Lothian Recruitment Authorisation Form (RAF) currently provides the option for recruitment managers to choose between a Protection of Vulnerable Groups (PVG) check, which includes a UK police disclosure check, or a standalone police check. Any selection made by the recruiting manager on the RAF form is rightly ignored by the Generic Recruitment Team as the manager cannot know whether applicants will include overseas workers at the time of completing the RAF. The type of check to be completed is decided by the Generic Recruitment Team.</p> <p>The Scottish Government's Partnership Information Network (PIN) Policy for 'Safer Pre and Post Employment Checks in NHS Scotland' stipulates that candidates who have lived or worked abroad for over 12 consecutive months within the past five years must undergo an additional foreign criminal record check. Recruitment calls these checks police checks. This terminology led to some confusion during our audit as they were first assumed to be solely UK Police Disclosure checks. Testing confirmed that they were in fact the required foreign criminal record check.</p>	<p>Recommendation 3</p> <p>The option for managers to select the type of police check should be removed from the RAF form and any guidance documents or records that use police check terminology should clearly distinguish between UK police checks and foreign criminal record checks.</p>	<p><b>Management Response:</b> The Once for Scotland Safer Pre and Post Employment Checks policy will be launched in early 2024 – this will guide future practice.</p> <p>The current identification for the level of PVG checks required is relevant and appropriate in relation to the post being filled and therefore does not require to be removed from the RAF.</p> <p>The requirement for a foreign criminal record check is candidate dependent and therefore correctly picked up by the Recruitment teams as appropriate.</p> <p><b>Actions:</b> The terminology used to describe the foreign criminal record check will be clarified with the Generic Recruitment Teams.</p> <p><b>Responsible Officer:</b> Fiona Ireland, Deputy Director of Nursing</p> <p><b>Executive Lead:</b> Alison Macdonald, Executive Nurse Director</p> <p><b>Due Date:</b> 31st Jan 2024</p>

# Detailed findings & action plan

3.1

Moderate Assurance

Delays, inefficiencies, and potential staffing shortages due to inadequate timeliness and efficiency in the recruitment process.

Finding and implication	Audit recommendation	Management response, including actions
<p><u>Recruitment Process Analysis: Efficiency and Monitoring Challenges</u></p> <p>We identified potential inefficiencies in the recruitment process and the absence of a reliable system for monitoring key milestones. Jobtrain is a national recruitment system, lacking monitoring reports, necessitating spreadsheet use for recruitment date recording. From our sample testing using the recruitment spreadsheet, the following performance milestone averages were identified.</p> <ul style="list-style-type: none"> <li>• Days from RAF completion to being shared with generic recruitment: 24 days.</li> <li>• Days from RAF being shared with generic recruitment to conditional offer: 92 days.</li> <li>• Days from conditional offer to start: 45 days.</li> <li>• Total average time: 161 days.</li> </ul> <p>Our analysis identified inconsistencies in NHS Lothian's recruitment data, with some conditional offer dates occurring before RAF notifications and notably prolonged durations for certain cases. Specifically, we observed two instances where conditional offer dates predated RAF notifications [-51 and -52 days]. Moreover, three particularly long durations [233, 507, and 520 days] from RAF notification to conditional offer. However, the potential anomalies may be correct and due to difficult areas to recruit for the long durations and two offers that predate the RAF linked to desired applicants for areas with no current vacancies.</p> <p>In alignment with generic recruitment principles, NHS Lothian may grant conditional offers to candidates immediately following successful interviews, regardless of immediate vacancy availability. In scenarios where vacancies are not immediately available, NHS Lothian adopts a strategic approach of holding candidates until suitable positions arise. This method is a key component of NHS Lothian's recruitment strategy, ensuring the preservation of high-calibre talent and obviating the necessity for candidates to reapply when their desired roles become available.</p> <p>The outliers may reflect challenges and practices in specific areas rather than process inefficiencies. For context, when removing the outliers, the average total average recruitment duration stands at approximately 126 days (just over four months).</p> <p>Formal monitoring and Key Performance Indicator (KPIs) reporting is not currently in place.</p> <p>In conclusion, our findings indicate possible process inefficiencies and/or inconsistencies in NHS Lothian's use of manual (spreadsheet recorded) recruitment data. However, these issues might also stem from specific recruitment practices. Going forward as an organisation it is crucial to contextualise generic recruitment performance data within NHS Lothian's strategic recruitment approach and the distinct challenges of recruiting in certain areas and holding desired applicants.</p>		

# Detailed findings & action plan

3.1

Moderate Assurance

Delays, inefficiencies, and potential staffing shortages due to inadequate timeliness and efficiency in the recruitment process.

Finding and implication	Audit recommendation	Management response, including actions
<p><u>Recruitment Process Analysis: Efficiency and Monitoring Challenges</u></p> <p>NHS Lothian's recruitment process shows potential inefficiencies and/or a lack of reliable monitoring mechanisms. Key issues include:</p> <ul style="list-style-type: none"> <li>• Dependency on spreadsheets due to inadequate reporting capabilities in Jobtrain, leading to dual data entry and inefficiencies.</li> <li>• Average recruitment timelines from our analysis are 161 days (5.5 months) using all data entry points. Removing five outliers reduces it to 126 days (approx. 4 months).</li> </ul>	<p>Recommendation 4</p> <p>To enhance the efficiency and reliability of NHS Lothian's recruitment process, it is recommended to establish a robust monitoring system. This system should be designed to support the development and tracking of Key Performance Indicators (KPIs) and to identify potential delays in the recruitment timeline. Additionally, processes should be implemented to detect and rigorously investigate any data anomalies.</p>	<p><b>Management Response:</b> By the nature of Generic Recruitment successful applicants may be in a “holding” position pending an appropriate vacancy arising so a RAF being submitted after an offer is not untoward, similarly some posts are more difficult to fill and may be vacant from RAF notification for a longer period until an appropriate candidate is secured.</p> <p>During 2023 work with the S&amp;V team has set out very clear process pathways and work is underway with the eESS team to support KPI reporting in a “bulk” recruitment scenario.</p> <p><b>Actions:</b> A set of KPIs that can be reported reliably for Generic will be developed, building on the work with S&amp;V</p> <p>A regular performance monitoring arrangement will be established through the General Manager to the N&amp;M Workforce Programme Board.</p> <p><b>Responsible Officer:</b> Fiona Ireland, Deputy Director of Nursing</p> <p><b>Executive Lead:</b> Alison Macdonald, Exec Nurse Director</p> <p><b>Due Date:</b> 31st March 2024</p>

# Detailed findings & action plan

5.1

Moderate Assurance

Inadequate monitoring of recruitment progress and practices, leading to potential quality of care issues and hindered workforce development.

Finding and implication	Audit recommendation	Management response, including actions
<p><u>Inadequate Data Capture and KPIs in Generic Recruitment</u></p> <p>We identified deficiencies in data capture in relation to the Recruitment Authorisation Form (RAF) and the lack of Key Performance Indicators (KPIs) for generic recruitment.</p> <p>As part of our planning meeting discussions, we were asked to assess within our sample whether the vacant post was due to staff leaving and how long from notification it took the manager to complete the RAF form. In our sample of 25, all were for replacement posts. The RAF forms contained insufficient information to identify the previous post holder or establish when management became aware of the need for recruitment.</p> <p>Furthermore, it was noted that there are currently no KPI metrics specifically set for generic recruitment. Although the general recruitment team has established KPIs, the generic team, which covers nursing recruitment, has not.</p>	<p>Recommendation 5</p> <p>Amend the RAF form to capture essential data, enabling the monitoring of time elapsed from leaver notification to RAF completion and approval.</p>	<p><b>Management Response:</b> There is a field in Job Train to hold details of the previous post holder and the date post vacant which will now be captured.</p> <p><b>Actions:</b> The RAF will be amended to previous post holder and reports on the length of time to submit a RAF can be generated from Job Train.</p> <p><b>Responsible Officer:</b> Jenni Duncan, Head of Resourcing /Catherine Crombie, General Manager Corporate Nursing</p> <p><b>Executive Lead:</b> Janis Butler, HRD/Alison MacDonald, Executive Nurse Director</p> <p><b>Due Date:</b> 29th February 2024</p>
<p>Plans are in place to align the generic team's KPIs with those of the general team; however, the proposed KPIs do not address RAF completion targets, which may be the source of any delays in replacing staff.</p>	<p>Recommendation 6</p> <p>Ensure the selection of KPIs for generic recruitment is sufficient to comprehensively measure efficiency of the recruitment process and identify any bottlenecks.</p>	<p><b>Management Response:</b> As per 3.1</p> <p><b>Actions:</b> A set of KPIs that can be reported reliably for Generic will be developed, building on the work with S&amp;V.</p> <p>A regular performance monitoring arrangement will be established through the General Manager to the N&amp;M Workforce Programme Board.</p> <p><b>Responsible Officer:</b> Fiona Ireland, Deputy Director of Nursing</p> <p><b>Executive Lead:</b> Alison Macdonald, Exec Nurse Director</p> <p><b>Due Date:</b> 31st March 2024</p>

# Appendices



# Appendix 1: Staff involved and documents reviewed



## Staff involved

- Lesley Triseliotis, Generic Nursing Recruitment Manager
- Ruth Kelly, Deputy Director of HR
- Fiona Ireland, Deputy Director of Nursing



## Documents reviewed

- Generic Recruitment Flow Chart
- Recruitment Monitoring Spread Sheet
- RAF forms
- NHS Lothian Recruitment and Selection Policy
- Recruitment Process Map
- Recruitment Backing Documentation



# Appendix 2:

## Our assurance levels

The table below shows the levels of assurance we provide and guidelines for how these are arrived at. We always exercise professional judgement in determining assignment assurance levels, reflective of the circumstances of each individual assignment.

Rating*	Description
<b>Significant Assurance</b>	<p>The Board can take reasonable assurance that the system(s) of control achieves or will achieve the control objective. There may be an insignificant amount of residual risk or none at all.</p> <p>There is little evidence of system failure and the system appears to be robust and sustainable. The controls adequately mitigate the risk, or weaknesses are only minor (for instance a low number of findings which are all rated as 'low' or no findings)</p>
<b>Moderate Assurance</b>	<p>The Board can take reasonable assurance that controls upon which the organisation relies to achieve the control objective are in the main suitably designed and effectively applied. There remains a moderate amount of residual risk.</p> <p>In most respects the "purpose" is being achieved. There are some areas where further action is required, and the residual risk is greater than "insignificant".</p> <p>The controls are largely effective and in most respects achieve their purpose with a limited number of findings which require management action (for instance a mix of 'medium' findings and 'low' findings)</p>
<b>Limited Assurance</b>	<p>The Board can take some assurance from the systems of control in place to achieve the control objective, but there remains a significant amount of residual risk which requires action to be taken.</p> <p>This may be used when:</p> <ul style="list-style-type: none"> <li>• There are known material weaknesses in key control areas.</li> <li>• It is known that there will have to be changes that are relevant to the control objective (e.g. due to a change in the law) and the impact has not been assessed and planned for.</li> </ul> <p>The controls are deficient in some aspects and require management action (for instance one 'high' finding and a number of other lower rated findings)</p>
<b>No assurance</b>	<p>The Board cannot take any assurance from the audit findings. There remains a significant amount of residual risk.</p> <p>The controls are not adequately designed and / or operating effectively and immediate management action is required as there remains a significant amount of residual risk (for instance a number of HIGH rated recommendations)</p>

# Appendix 2:

## Our recommendation ratings

The table below describes how we grade our audit recommendations based on risks:

Rating	Description	Possible features
<b>High</b>	Findings that are fundamental to the management of risk in the business area, representing a weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> <li>• Key activity or control not designed or operating effectively</li> <li>• Potential for fraud identified</li> <li>• Non-compliance with key procedures/standards</li> <li>• Non-compliance with regulation</li> </ul>
<b>Medium</b>	Findings that are important to the management of risk in the business area, representing a moderate weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> <li>• Important activity or control not designed or operating effectively</li> <li>• Impact is contained within the department and compensating controls would detect errors</li> <li>• Possibility for fraud exists</li> <li>• Control failures identified but not in key controls</li> <li>• Non-compliance with procedures/standards (but not resulting in key control failure)</li> </ul>
<b>Low</b>	Findings that identify non-compliance with established procedures, or which identify changes that could improve the efficiency and/or effectiveness of the activity or control but which are not vital to the management of risk in the business area.	<ul style="list-style-type: none"> <li>• Minor control design or operational weakness</li> <li>• Minor non-compliance with procedures/standards</li> </ul>
<b>Improvement</b>	Items requiring no action but which may be of interest to management or which represent best practice advice	<ul style="list-style-type: none"> <li>• Information for management</li> <li>• Control operating but not necessarily in accordance with best practice</li> </ul>

