



Council Building  
2 High Street  
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Monday, 05 March 2018

Attached is a supplementary agenda for the **Audit and Performance Committee of the Perth and Kinross Integration Joint Board** being held in **Room 415, Fourth Floor, Council Building, 2 High Street, Perth, PH1 5PH** on **Tuesday, 06 March 2018** at **13:00**. Please note that **Item 3.4** has been withdrawn from the agenda.

If you have any queries please contact Adam Taylor on (01738) 475163 or email [Committee@pkc.gov.uk](mailto:Committee@pkc.gov.uk).

**Robert Packham**  
**Chief Officer**

### **Members**

Councillor Chris Ahern, Perth and Kinross Council (Chair)  
Councillor Eric Drysdale, Perth and Kinross Council  
Bernie Campbell, Carer Public Partner  
Jim Foulis, Associate Nurse Director, NHS Tayside  
Stephen Hay, Tayside NHS Board



**Audit and Performance Committee of the Perth and Kinross Integration Joint Board**

**Tuesday, 06 March 2018**

**SUPPLEMENTARY AGENDA**

- |            |  |               |
|------------|--|---------------|
| <b>7.2</b> | <b>INTERNAL AUDIT REPORT ON CLINICAL, CARE &amp; PROFESSIONAL GOVERNANCE</b><br>Report by Chief Internal Auditor (copy herewith G/18/32) | <b>5 - 20</b> |
|------------|--|---------------|



PERTH & KINROSS IJB  
INTERNAL AUDIT SERVICE



**CLINICAL, CARE & PROFESSIONAL GOVERNANCE**  
REPORT NO. PK07/17

Issued To: R Packham, Chief Officer  
J Smith, Chief Financial Officer  
D Fraser, Head of Adult Social Work and Social Care  
E Devine, Head of Health, Health & Social Care Partnership  
H Dougall, Clinical Director, Perth & Kinross IJB  
M Dickson, Clinical Governance & Risk Coordinator  
J Pepper, Chief Social Work Officer, P&K Council  
A Russell, Medical Director, NHS Tayside  
G Costello, Nurse Director, NHS Tayside

J Clark, Chief Internal Auditor, Perth & Kinross Council  
Audit Committee  
External Audit

Date: 5 March 2018

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## INTRODUCTION & SCOPE

1. The final sealed draft 'Getting it Right for Everyone – a Clinical, Care and Professional Governance Framework' (GIRFE) was endorsed by Perth and Kinross Health and Social Care Integration Pathfinder Board on 10 April 2015. At its meeting on 15 January 2016, the Integration Joint Board (IJB) noted the progress in taking forward the implementation of the Clinical, Care and Professional Governance Framework.
2. GIRFE states in its introduction *'The framework has been developed to ensure that there are explicit and effective lines of accountability from care settings to each authority's IJB, the NHS Tayside Board and the three local authority's Chief Executives and elected members. The proposed framework recognises that such accountability is essential to assure high standards of care and professionalism in the services provided by each Integration Authority and the Board of NHS Tayside with the aim of achieving the best possible outcomes for service users in line with the National Outcomes Framework'*.
3. A strategic risk was recorded on the Perth & Kinross IJB Risk Register presented to the January 2017 IJB Audit & Performance Committee regarding Clinical, Care and Professional Governance: *'The inability to deliver locality structures underpinned by robust standards and professional codes of practice results in a risk of failure to deliver reliable, safe and effective health and social care in all settings, resulting in harm or deterioration to service users.'*

## OBJECTIVES

4. Our audit work was designed to evaluate whether appropriate systems were in place and operating effectively to mitigate risks to the achievement of the objective identified below:
  - ◇ As set out in GIRFE, *'It is recognised that the establishment and continuous review of the arrangements for clinical, care and professional governance for all services which are 'in scope' are essential to the delivery in Tayside of each Integration Authority's obligations and quality ambitions. The arrangements described in the Tayside Clinical, Care and Professional Governance Framework are designed to assure Tayside's three IJBs, NHS Tayside and the area's three Local Authorities of the quality and safety of service delivered by its staff, and the difference services are making to the lives and outcomes of the people of Tayside who need them.'*

## RISKS

5. The following risks could prevent the achievement of the above objectives and were identified as within scope for this audit.
  - ◇ Responsibilities and lines of accountability between the parties and the IJB may not be clear, particularly in relation to hosted services;
  - ◇ There may not be a clear, fully resourced plan to implement the Clinical, Care & Professional Governance Framework;
  - ◇ Care Governance processes and procedures may not be sufficient to deliver the required levels of assurance;
  - ◇ Clinical, Care & Professional Governance processes may not be adequately aligned to performance and risk management.

## AUDIT OPINION AND FINDINGS

6. The audit opinion is **Category B** – Broadly Satisfactory – There is an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives, although minor weaknesses are present. A description of all audit opinion categories is given in the final section of this report.
7. The following chart shows where the grade lies within the B band:

A	B	C	D	E	F
	X				

8. We have appended a series of Clinical and Care Governance principles which may be helpful in clarifying and formalising future arrangements (See Appendix A).

### Responsibilities and lines of accountability

9. Responsibilities and lines of accountability are set out in the Perth & Kinross IJB Integration Scheme and expanded within GIRFE, which was endorsed by Perth and Kinross Health and Social Care Integration Pathfinder Board on 10 April 2015.
10. In relation to Clinical and Care Governance, the Perth and Kinross Integration Scheme includes the following:
- ◇ The IJB will receive Clinical & Care Governance reports to be assured of the delivery of safe and effective services;
  - ◇ NHS Tayside Board is accountable for Clinical and Care Governance. Professional governance responsibilities are carried out by the professional leads through to the health professional regulatory bodies;
  - ◇ The Chief Social Work Officer in Perth & Kinross holds professional accountability for social work and social care services. The Chief Social Work Officer reports directly to the Chief Executive and elected members of Perth & Kinross Council in respect of professional social work matters. He/she is responsible for ensuring that social work and social care services are delivered in accordance with relevant legislation and that these services and staff delivering these services do so in accordance with the requirements of the Scottish Social Services Council;
  - ◇ The six domains of quality will be underpinned by mechanisms to measure quality, clinical and service effectiveness and sustainability;
  - ◇ The Integration Joint Board is responsible for embedding mechanisms for continuous improvement of all services through application of a Clinical and Care Governance and Professional Governance Framework;
  - ◇ Provision for the establishment of a Tayside Joint Forum (R1) and a Local Joint Forum (R2) to provide oversight, advice, guidance and assurance to the Chief Officer and the Integration Joint Board in respect of clinical care and professional governance for health and social care services;
  - ◇ Establishment of an operational and professional forum for Perth & Kinross consisting of a range of professionals and managers within three months of the establishment of the Integration Joint Board to provide oversight, advice, guidance and assurance to the Chief Officer and the Integration Joint Board on issues relevant to the population of Dundee.

11. GIRFE provides a definition of Clinical, Care and Professional Governance and stresses the importance of scrutiny and self-evaluation through the Performance Improvement Model. GIRFE also sets out Accountability for Clinical, Care and Professional Governance, stating that the Chief Executive Officers of the three Councils and Tayside NHS Board hold ultimate accountability for the delivery of Clinical and Care Governance as well as setting out the role and authority of the IJB Chief Officer.
12. GIRFE required the establishment of an R1 group as follows: *'The Tayside Clinical and Care Governance and Professional Governance Forum is a professional reference group, bringing together senior professional leaders across Tayside. This group, chaired by one of its members, will oversee the delivery of integrated care and support along with change and innovation to ensure the delivery of safe and effective person-centred care within Tayside. This group will ensure that the responsibilities for Clinical and Care Governance and Professional Governance, which remain with NHS Tayside and the Council relate to the activity of the Board. The group will provide oversight and advice and guidance to the Strategic Planning Groups, to each Integration Authority's CO and to the IJBs in respect of clinical and care and professional governance for the delivery of health and social care services across the localities identified in their strategic plans.'*
13. The R1 group as originally described within the GIRFE was not established. However, the September 2017 NHS Tayside Clinical Quality Forum (CQF) received its updated terms of reference which now state includes that *'There will be three meetings per year [of the CQF] which will focus on Clinical and Care Governance assurances and learning from the three HSCPs'*. The paper also sets out future arrangements including a requirement to *'Seek assurance through performance reports from the three HSCPs that the Getting it Right for Everyone, Clinical and Care Framework is implemented across all HSCPs.'* Following a decision of the NHS Tayside Clinical Quality Forum at their meeting on 14 November 2016, minutes of all three Tayside IJB R2 forums are reported here. The first meeting of the CQF under the Integrated Clinical and Care Governance Assurance arrangements took place in November 2017.
14. From a review of the draft minutes of this meeting it is not clear that this proposed arrangement for an R1 operating through the CQF entirely fulfils all of the requirements of GIRFE and the Integration Scheme and it is recommended that any new arrangements be considered and approved by the IJB or a nominated Committee/group.
15. Following a decision taken at the November 2016 meeting of the IJB, 6 monthly progress reports on Clinical & Care Governance come to the IJB and the most recent one was presented to the June 2017 meeting. In addition, a Clinical, Care & Professional Governance Progress Report was presented to the March and June 2017 meetings of the Audit & Performance Committee, providing an update with regard to the arrangements for Care & Professional Governance across the partnership, and activity and progress to date led by the Care & Professional Governance Forum.
16. The remit agreed for the Perth & Kinross Care & Professional Governance Forum (the R2 Forum) states that *'The Forum has responsibility to ensure that there are effective and embedded systems for Clinical, Care & Professional Governance in all services within the partnership. This will involve seeking assurances from all partnership services that care provision is delivered within the context of the six domains of Clinical, Care & Professional governance.'*



17. Whilst the terms of reference of the Audit & Performance Committee do not specifically refer to clinical, care & professional governance, the overall duty of the committee is to review the internal control arrangements of the IJB which would include clinical & care governance; as well as responsibility for risk management arrangements.
18. We would recommend that the R2 Forum prepares an annual report for consideration by either the Audit & Performance Committee or the IJB itself.
19. The terms of reference for the R2 Forum were approved by the IJB in November 2016. We would recommend that following a review and refresh of this document based on the findings of this report, the IJB should again have an opportunity to comment on the work of the forum to ensure it will receive the assurances it requires.
20. We reviewed the R2 Forum's terms of reference and can provide assurance that it addresses the requirements of the GIRFE framework.
21. We note however, that the remit does not cover the escalation of operational risks and would recommend that consideration is given to this area.
22. Domain sub groups are in operation alongside the R2 Forum, including a regular agenda item on exception reporting. However, from our review of minutes of the forum and the remit in place, it is not clear how information is reported and how actions are agreed where weaknesses are identified by the sub groups. More clarity is needed on how the work of the subgroups flows into the forum and helps the forum to fulfil its overall remit.

**There may not be a clear, fully resourced plan to implement the Clinical, Care & Professional Governance Framework;**

23. We found evidence of structured activity and reporting which demonstrates a clear momentum and the 6 monthly reports to the IJB and regular reporting to the Audit & Performance Committee on progress provide assurance that the Framework is being implemented.

**Clinical and Care Governance processes and procedures may not be sufficient to deliver the required levels of assurance;**

24. As noted above, the R1 group, which was intended to be a key element of assurance and advice, has not met as intended. However, local arrangements will be sufficient to provide appropriate assurance, albeit, as noted above, we have highlighted areas for clarification and improvement.
25. A gap analysis across 18 partnership services against the 6 domains of the GIRFE framework has been carried out and reported. Given the forum meets every two months, a minimum of 3 services would have to report to each meeting. However, in 2017/18 to date, only 4 services' annual reports have been planned and only one was received by the group.
26. A workplan should be developed for the R2 Forum to ensure sufficient reporting across each of the partnership's services as set out in Annex 1 and 2 to the Integration Scheme. This should be linked to a mapping exercise where external inspections of the services are planned or expected. Within this context, we would also highlight the need to apply a consistent assurance appetite to all aspects of IJB activity; whilst there are different assurance sources for different activities, there may be benefit in ensuring that the level of assurance received is consistent.

27. Our review of minutes of the R2 Forum to date has not shown any overt reporting on hosted services. Perth & Kinross IJB hosts General Adult Psychiatry Mental Health Inpatient Services on behalf of the other Tayside IJBs. There is a high risk associated with the Mental Health service which is recorded as a strategic risk for NHS Tayside and referred to within the IJB's clinical & care governance risk. However, no reports have come to the R2 Forum on this, which would allow Perth & Kinross IJB to provide assurance to Angus & Dundee IJBs. We have also not seen evidence of reporting of care commission inspection reports at either the R2 Forum, A&PC or the IJB itself during the year. We would suggest that these would most naturally align with the work of the Forum.
28. Although the terms of reference of the R2 Forum state that *'It is highly important that members attend the Care & Professional Governance Forum on a regular basis. No more than two meetings should be missed in any one year unless due to extenuating circumstances agreed with the chair of the forum'*, we noted a high level of apologies at meetings with 15 members missing two or more meetings in 2017/18 to date, including four members who did not attend any meetings. We would recommend that deputies are nominated for all members.

**Clinical, Care & Professional Governance processes may not be adequately aligned to performance and risk management.**

29. As noted above, GIRFE sets out clear linkages between performance management and Clinical, Care and Professional Governance. Both performance and risk management fall within the remit of the Audit & Performance Committee which has also received regular reports to date on progress of implementation of clinical, care & professional governance processes.
30. Not all services were able to confirm as part of the gap analysis that comprehensive risk management processes are in place. We would recommend that action plans are agreed for each service to move towards a 'green' position within each of the gap analysis questions under the 6 key domains and that this is monitored by the R2 Forum. Our review of minutes of the R2 Forum to date also do not show overt consideration of the IJB's strategic clinical & care governance risk or clinical risks. We would also recommend regular consideration of relevant risks by the forum with clear routes for escalation.

**Action**

31. An action plan has been agreed with management to address the identified weaknesses. A follow-up of implementation of the agreed actions will be undertaken in accordance with the audit reporting protocol.

**ACKNOWLEDGEMENT**

32. We would like to thank all members of staff for the help and co-operation received during the course of the audit.

A Gaskin, BSc. ACA  
Chief Internal Auditor

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
1.	<p>The R1 group as originally described within the GIRFE was not established. However, the September 2017 NHS Tayside Clinical Quality Forum received its updated terms of reference which now state that <i>'There will be three meetings per year [of the CQF] which will focus on Clinical and Care Governance assurances and learning from the three HSCPs'</i>. The paper also sets out future arrangements including a requirement to <i>'Seek assurance through performance reports from the three HSCPs that the Getting it Right for Everyone, Clinical and Care Framework is implemented across all HSCPs.'</i> Currently, minutes of all three Tayside IJB R2 groups are reported here.</p> <p>From a review of the draft minutes of this meeting it is not clear that this proposed arrangement for an R1 group operating through the CQF entirely fulfils all of the requirements of GIRFE and the Integration Scheme.</p>	It is recommended that any new arrangements be considered and approved by the IJB or a nominated Committee/group.	2	A paper detailing the new arrangements to be considered and approval sought by P&K IJB at it's meeting on 22 June 2018.	<p>Clinical Director / Chief Social Work Officer</p> <p>30 June 2018</p>

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
2.	Whilst the terms of reference of the Audit & Performance Committee do not specifically refer to clinical, care & professional governance, the overall duty of the committee is to review the internal control arrangements of the IJB which would include clinical & care governance; as well as responsibility for risk management arrangements.	We would recommend that the R2 Forum prepares an annual report for consideration by either the Audit & Performance Committee or the IJB itself.	2	<p>The P&amp;K Care &amp; Professional Governance Forum has provided reports to the meetings of the IJB on the:</p> <ul style="list-style-type: none"> <li>• 15 June 2016</li> <li>• 4 November 2016</li> <li>• 30 June 2017</li> </ul> <p>and to the meetings of the Audit &amp; performance Committee on the:</p> <ul style="list-style-type: none"> <li>• 28 March 2017</li> <li>• 27 June 2017</li> </ul> <p>It is intended that a progress report will be reported to the Audit &amp; Performance Committee meeting on 6 March 2018, and to the IJB meeting on 22 June 2018.</p> <p>Thereafter, reports will continue to be presented to both the Audit &amp; performance Committee and the IJB at least annually.</p>	<p>Clinical Director / Chief Social Work Officer</p> <p>30 June 2018</p>

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
3.	The terms of reference for the R2 Forum were approved by the IJB in November 2016.	We would recommend that following a review and refresh of this document based on the findings of this report, the IJB should again have an opportunity to comment on the work of the forum to ensure it will receive the assurances it requires.	<b>3</b>	<p>The terms of reference and workplan for the forum were reviewed at the Care &amp; Professional Governance meeting on 9 February 2018.</p> <p>Draft versions of the 2018/19 terms of reference and workplan will then be presented to the IJB along with the progress report on 22 June 2018 to seek approval.</p>	<p>Clinical Director / Chief Social Work Officer</p> <p>30 June 2018</p>

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
4.	Domain sub groups are in operation alongside the R2 Forum including a regular agenda item on exception reporting. However, from our review of minutes of the forum and the remit in place, it is not clear how information is reported and how actions are agreed where weaknesses are identified by the sub groups.	More clarity is needed on how the work of the subgroups flows into the forum and helps the forum to fulfil its overall remit and this should be taken into account in the refresh of the forum's remit.	<b>3</b>	<p>The domain subgroups were discussed as part of the review of the terms and reference and workplan for the forum on 9 February 2018.</p> <p>The forum agreed that assurances regarding progress with each of the domains should be via service annual reporting and updates on specific activity ongoing with the partnership, rather than to continue with discrete sub-groups for the domains. The forum terms of reference and workplan for 2018/19 will reflect this approach.</p>	<p>Clinical Director / Chief Social Work Officer</p> <p>31 March 2018</p>
5.	A gap analysis across 18 partnership services against the 6 domains of the GIRFE framework has been carried out and reported. Given the forum meets every two months, a minimum of 3 services would have to report to each meeting. However, in 2017/18 to date, only 4 services' annual reports have been planned and only one was received by the group.	A workplan should be developed for the R2 Forum to ensure sufficient reporting across each of the partnership's services as set out in Annex 1 and 2 to the Integration Scheme. This should be linked to a mapping exercise where external inspections of the services are planned or	<b>2</b>	<p>A timetable has been created for future meetings which details the services which are due to report. Starting with the meeting on 6 April 2018, there will be either 3 or 4 services reporting at each meeting. This timetable will be reflected in the forum workplan for 2018/19.</p> <p>The forum will add a standing item on the agenda for services which</p>	<p>Clinical Director / Chief Social Work Officer</p> <p>31 March 2018</p>

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
		expected. Within this context, we would also highlight the need to apply a consistent assurance appetite to all aspects of IJB activity; whilst there are different assurance sources for different activities, there may be benefit in ensuring that the level of assurance received is consistent.		have been subject to an internal or external inspection to provide assurances to the forum that any actions identified are being progressed. Services will also be expected to make the forum aware of any announced or unannounced inspections.	
6.	Our review of minutes of the R2 Forum to date has not shown any overt reporting on hosted services. Perth & Kinross IJB hosts General Adult Psychiatry Mental Health Inpatient Services on behalf of the other Tayside IJBs. There is a high risk associated with the Mental Health service which is recorded as a strategic risk for NHS Tayside and referred to within the IJB's clinical & care governance risk. However, no reports have come to the R2 forum on this which would allow P&K IJB to provide assurance to Angus & Dundee IJB. We have also not seen	We would suggest that these would most naturally align with the work of the forum.	2	<p>With regards to the reporting from hosted services:</p> <ul style="list-style-type: none"> <li>Public Dental services presented their annual report to the forum on 18 August 2017.</li> <li>Inpatient Mental Health services reported to the forum on 9 February 2018.</li> <li>Podiatry are due to report to the forum on 6 April 2018.</li> <li>Prison Healthcare are due to report to the forum on 5 October 2018.</li> </ul>	<p>Clinical Director / Chief Social Work Officer</p> <p>31 March 2018</p>

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
	evidence of reporting of care commission inspection reports at either the R2 Forum, A&PC or the IJB itself during the year.			With regards to reports from the Care Inspectorate, this will be incorporated into the 2018/19 terms and reference and workplan for the forum.	
7.	Although the terms of reference of the R2 Forum state that <i>'It is highly important that members attend the Care &amp; Professional Governance Forum on a regular basis. No more than two meetings should be missed in any one year unless due to extenuating circumstances agreed with the chair of the forum'</i> , we noted a high level of apologies at meetings with 15 members missing 2 or more meetings in 2017/18 to date, including four members who did not attend any meetings.	We would recommend that deputies are nominated for all members.	3	A review of the dates and times of future meetings were discussed by the forum on 9 February 2018.  Deputies for members will be identified and listed within the 2018/19 terms and reference.	Clinical Director / Chief Social Work Officer  31 March 2018



Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
8.	Not all services were able to confirm as part of the gap analysis that comprehensive risk management processes are in place.	We would recommend that action plans are agreed for each service to move towards a 'green' position within each of the gap analysis questions under the 6 key domains and that this is monitored by the R2 Forum.	2	All services will be asked to provide actions planned or in progress to move towards a 'green' position within each of the gap analysis questions. This will be included within the service annual report.	Clinical Director / Chief Social Work Officer  31 March 2018
9.	Our review of minutes of the R2 Forum to date also do not show overt consideration of the IJB's strategic clinical & care governance risk or clinical risks.  We also note that the remit does not cover the escalation of operational risks.	We would also recommend regular consideration of relevant risks by the forum with clear routes for escalation.	2	The forum discussed the forums remit regarding clinical and operational risks as part of the review of the terms of reference on 9 February 2018.  The forum agreed that a standing item would be added to the agenda for clinical and care risk management.  It was acknowledged that Angus HSCP and the Mental Health Directorate both have a more developed process for the oversight of clinical and care risks, and it was agreed that contact be made with these areas to further discuss.	Clinical Director / Chief Social Work Officer  30 April 2018

## APPENDIX A

### Clinical and Care Governance

#### The following principles will apply to assurance:

- i) Consistency of care and clinical governance as far as possible i.e. the level and quality of assurance should be determined consistently (see below) whether in delegated or non-delegated healthcare functions or within social care activities whether delivered in-house or purchased. This will be particularly important as the boundaries between health and social care blur; there is no reason why assurance around the safety and effectiveness of care should change as an individual transitions between one part of the system to another, or if service provision changes. For example the local authority equivalents to SAERs, aggregated incident reports, HAI reports etc. should be reported in parallel and in aggregate with the Health equivalents within IJB reporting;
- ii) Proportionality; assurance should be inextricably and overtly linked with risk and the extent to which key controls manage that risk;
- iii) There must be a distinction between professional lines of accountability and governance assurance;
- iv) Independent oversight is a fundamental component of clinical governance assurance; this includes oversight from independent non-executives/councillors/voting members at an appropriate level based on robust, relevant and reliable data;
- v) Clear linkages to performance data, including operational, financial and quality performance; the ideal is a holistic system which integrates performance, clinical and other data level so that performance is measured once, used often.
- vi) Where assurances are not deemed sufficient or they highlight significant unmitigated risks, there must be clarity around which body will take the decision on the appropriate action to be taken and how they will provide assurance to other parties on the implementation and effectiveness of those actions.
- vii) All systems should distinguish between pro-active and reactive, internal and external assurance and develop effective triangulation to ensure that each assurance component contributes to an overall assessment of governance. For example, the key information to be taken from an external review is not about the specific circumstances found but whether they are consistent with assurances received from internal systems. Wherever practicable, the emphasis should be on internal systems which provide advance warning of any issues.
- viii) The provisions in the Integration Scheme for seeking professional advice should be reviewed to ensure that they are functioning as intended.

## DEFINITION OF ASSURANCE CATEGORIES AND RECOMMENDATION PRIORITIES

### Categories of Assurance:

A	Good	There is an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives.
B	Broadly Satisfactory	There is an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives, although minor weaknesses are present.
C	Adequate	Business objectives are likely to be achieved. However, improvements are required to enhance the adequacy/ effectiveness of risk management, control and governance.
D	Inadequate	There is increased risk that objectives may not be achieved. Improvements are required to enhance the adequacy and/or effectiveness of risk management, control and governance.
E	Unsatisfactory	There is considerable risk that the system will fail to meet its objectives. Significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance and to place reliance on the system for corporate governance assurance.
F	Unacceptable	The system has failed or there is a real and substantial risk that the system will fail to meet its objectives. Immediate action is required to improve the adequacy and effectiveness of risk management, control and governance.

The priorities relating to Internal Audit recommendations are defined as follows:

**Priority 1 recommendations** relate to critical issues, which will feature in our evaluation of the Governance Statement. These are significant matters relating to factors critical to the success of the organisation. The weakness may also give rise to material loss or error or seriously impact on the reputation of the organisation and require urgent attention by a Director.

**Priority 2 recommendations** relate to important issues that require the attention of senior management and may also give rise to material financial loss or error.

***Priority 1 and 2 recommendations are highlighted to the Audit Committee and included in the main body of the report within the Audit Opinion and Findings***

**Priority 3 recommendations** are usually matters that can be corrected through line management action or improvements to the efficiency and effectiveness of controls.

**Priority 4 recommendations** are recommendations that improve the efficiency and effectiveness of controls operated mainly at supervisory level. The weaknesses highlighted do not affect the ability of the controls to meet their objectives in any significant way.

