

## FINAL REPORT

### PERTH AND KINROSS INTEGRATION JOINT BOARD INTERNAL AUDIT SERVICE



### **STRATEGIC PLANNING**

REPORT NO. PK05/18 (INCORPORATING PK06/18)

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Audit & Performance Committee  
External Audit

Date: 11 June 2019

## INTRODUCTION & SCOPE

1. Perth and Kinross Integration Joint Board (PK IJB) is responsible for the strategic planning and commissioning of integrated health and social care services across its partnership area. In January 2016 the PK IJB approved a Participation and Engagement Strategy setting out the Perth and Kinross Health and Social Care Partnership's (PK HSCP) approach to involving a range of community stakeholders including service users, carers, staff and communities in achieving health and social care integration. On 23 March 2016 the strategic Commissioning Plan was reported to the IJB. The purpose of this report was to note the results of the formal consultation on the draft strategic plan and to approve the first health and social care partnership Strategic Commissioning Plan 2016-2019. The report was approved for submission to the Scottish Government. This Plan described how integrated services would meet the needs of individuals and local communities, as well as the local and national outcomes.
2. It was proposed at the PK IJB on 26 January 2018 to revise arrangements for strategic planning across PK HSCP. It was resolved that the process of refreshing structures for strategic planning across the partnership be approved, to refresh the membership of the Strategic Planning Group for approval at the Board in March 2018 and a refreshed role and remit and terms of reference for each of the groups by March 2018.
3. The Strategic Commissioning Plans Guidance published by the Scottish Government in 2015 states that Strategic Plans must be revised at least every three years. It sets out an expectation that developing and updating Strategic Plans should be part of an iterative, cyclical process, supported by analysis of available data.
4. The scope of this assignment plan is to ensure that the PK IJB Strategic Plan including the development of local delivery plans, stakeholder engagement and partnership working have been reviewed and updated.

## OBJECTIVE

5. Our audit work was designed to evaluate whether appropriate systems were in place and operating effectively to mitigate risks to the achievement of the services objectives as detailed in the Strategic Plan.

## RISKS

6. The following risks could prevent the achievement of the above objective and were identified to be within scope for this audit.
  - ◇ The IJB, Council and NHS not working together to ensure operational plans are clearly aligned to the strategic priorities
  - ◇ The IJB, Council and NHS not working together to view their finances as a collective resource for health and social care to provide best possible outcomes for people who need support
  - ◇ Lack of willingness and ability to share information to promote new ways of working
  - ◇ Lack of meaningful and sustained engagement to ensure continued improvement in the way that local communities are involved in planning and

implementing any changes to how health and care services are accessed and delivered

## AUDIT OPINION AND FINDINGS

7. The audit opinion is **Category C** -. A description of all audit opinion categories is given in the final section of this report.
8. Our overall opinion is based on the arrangements at management level and reporting at governance level. We reviewed Board and Group documentation on the shared documentation site, work of the programme Boards and minutes of meetings of stakeholders and groups. Key findings are as follows:
9. At the IJB meeting on 22 March 2019 it was recommended that the IJB note there will be a delay in preparation of the 2019-2022 Strategic Commissioning Plan for Perth & Kinross IJB, approve continuation of Strategic Planning and Operational management under principles set out in the 2016-19 Strategic Commissioning Plan and request that the Chief Officer present the refreshed Strategic Commissioning Plan for approval at the IJB meeting on 27 September 2019. It is noted that a range of factors have combined to justify a short delay before publication. The IJB agreed to this delay, with a commitment to provide an interim update to the Board in June 2019; provide a workshop for the Board to express their views and allow for full engagement of those who are directly impacted by Services across Perth and Kinross.
10. The IJB and its partners are facing major financial challenges and it is recognised that achieving financial balance is reliant on the delivery of a very significant transformation and efficiency programme. Sustained improvement and financial sustainability will not be achieved without setting clear strategic direction. The key financial objectives and priorities require to be identified in the Strategic Plan.
11. A Joint Partnership Workforce Plan has yet to be developed. This will be an overarching, high level and strategic document, designed to facilitate transformation, service challenges and change. The plan will be developed at a suitable stage in 2019, as determined by the Executive Management Team, in line with the operation of the Programme Boards, national guidance and timescales, plus finalised strategic and financial delivery plans. A Workforce Development Group has been created to support profiling the workforce and skills gap analysis, integrating workforce policies and procedures, proactive approaches to recruitment challenges, and investing in staff development to support new ways of working and retention of staff. The group will regularly report back to both the Integrated Management Team and Executive Management Team with updates.
12. Progress of the four Programme Boards has been reported to the Strategic Planning Group, the Strategic Planning and Commissioning Board and the PK IJB and confirms these Operational Boards are actively working towards focused implementation of service delivery for each of their Service areas. Since the original Strategy was finalised in March 2016, the Chief Officer has provided a Strategic update report to the PK IJB at every standard meeting. There have been 4 meetings in 2016, 5 meetings in 2017, 5 meetings in 2018 and 2 meetings in 2019. These have been minuted and are available to read on the IJB webpage on the PKC website.
13. PK IJB were informed of the development of a risk management strategy with proposed initial risks related to delivery of services in March 2016, particularly

those which are likely to affect the delivery of the Strategic Plan<sup>1</sup>. A risk management progress update was reported to IJB Audit and Performance Committee in November 2018 following a risk management workshop in the same month. From this, a revised Risk Management Framework and Strategic Risk Register for Perth and Kinross Health and Social Care Partnership (PKHSCP) was provided to the PK IJB. The risk register includes the risk that there is insufficient financial resources to deliver the objectives of the Strategic Plan

14. Other external reports are noted including Audit Scotland reports –

- Health and Social Care Integration, an update on progress, Nov 2018 <sup>2</sup>
- Local government in Scotland - Financial overview 2017/18, Part 3 Integration Joint Boards' overview 2017/18 published Nov 2018 <sup>3</sup>
- Review of Local Scrutiny Plan – April 2018 to March 2019 for Perth and Kinross<sup>4</sup>. This reported that *'steady progress is also being made towards health and social care integration...'*

15. PK-HSCP has recently been subject to a joint inspection by the Care Inspectorate and Health Improvement Scotland. The results of this inspection will inform the Strategic Plan however publication of the final report is not expected until mid 2019. A self evaluation process prepared in anticipation of the inspection will inform the plan.

16. Assurances from these reviews are cross-referenced where relevant and appropriate.

17. Findings in the review are detailed below in order of the four risks as identified at section 6 above.

### **Joint Working to ensure operational plans are clearly aligned to the strategic priorities**

18. The review confirmed that operational planning is being undertaken by the 4 programmes of care.

19. The Executive Management Team (EMT) acts as the Strategic Planning & Commissioning Board (SPCB) and is accountable to the IJB and parent organisations for the strategies and delivery plans. The SPCB reports directly to the IJB and there is also a line from it to the Strategic Planning Group (SPG).

20. The Public Bodies (Joint Working) (Scotland) Regulations 2014 require a SPG to be set up. The role of this Group is in developing and finalising the strategic commissioning plan and in continuing to review progress, measured against the statutory outcomes for health and wellbeing, and associated indicators. Guidance states that membership of the SPG should include representatives from 12 different stakeholders. The guidance also states how Integration Authorities must consider the views of the SPG. The PK IJB SPG was set up in 2015 with meetings taking place throughout 2015. Meetings also took place during 2017 and a revised draft of the role and remit of the group was considered at the meeting in May 2017.

21. The first P&K IJB Strategic Commissioning Plan for 2016-2019 set out how priorities and vision for the next three years would be achieved based on

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<sup>2</sup> <http://www.audit-scotland.gov.uk/report/health-and-social-care-integration-update-on-progress>

<sup>3</sup> <http://www.audit-scotland.gov.uk/report/local-government-in-scotland-financial-overview-201718>

<sup>4</sup> [http://www.audit-scotland.gov.uk/uploads/docs/report/2018/lsp\\_180404\\_perth\\_kinross.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2018/lsp_180404_perth_kinross.pdf)

analyses, reviews and feedback from individuals, communities and key stakeholders. In January 2018 the PK IJB agreed to a Strategic Plan review to be overseen by a high level Strategic Planning Board. This was intended to ensure effective strategic planning for improvement with Integration Authorities working together with operational plans aligned to strategic priorities. Plans took into account workforce, IT and organisational change plans across the system. A refreshed structure for Strategic Planning was presented to and agreed by the PK IJB in January 2018. Documented evidence was found of the SPCB meeting regularly in 2018 with a draft plan for 2019-22 being circulated for consideration in March 2019. This plan sets out the vision and direction of integrated health and social care services in Perth & Kinross over the next three years. The HSCP wants to make sure that the strategic plans and commissioning delivers better outcomes for people within available resources.

22. Evidence was found of partnership working with the Third Sector Health & Social Care Strategic Forum which has representatives from 45 third sector groups. In 2018, the PK IJB Chief Officer and Head of Adult Social Care were invited to the Forum at which IJB agenda items and minutes were discussed. The four Health & Social Care Partnership Programme Boards are an opportunity for third sector representations. The Forum facilitated its own Third Sector Strategic Networks for Health and Social Care; Children, Young People and Families; Criminal Justice and the Perth & Kinross Social Enterprise Network. A local Integration Lead funded by the partnership was appointed in September 2018. The post represents the Independent sector within Perth & Kinross. An Independent Care Providers meeting took place in November 2018 where partnership working was explored including the Independent Providers with Senior officers from PK-HSCP.
23. Minutes of the SPG in August 2018 verified the SPG were aware that the Strategic Plan was to be written for 2019 the SPG's role and remit/membership was discussed. In November 2018 the SPG meeting was advised that the structure and timeline of the Strategic Plan was still to be agreed. It was reported that the Strategic Planning Board [SPB] would compile the Plan with links to all the Programme Boards. The SPG meeting in February 2019 took the form of a workshop.
24. A copy of the draft Strategic Commissioning Plan was circulated to IJB members in March 2019 with a request from the Chief Officer to have any feedback by the end of March 2019. This refreshed plan focuses upon the ambitions set out by the four Care Programme Boards that will contribute more detail to support modernisation and further integration of services, addressing matters of service distribution across Perth & Kinross where historical location of services is no longer sensitive to the population need.

**Finances to be viewed as a collective Resource for health and social care to provide best possible outcomes for people who need support**

25. The national review by Audit Scotland (update on progress in Health and Social Care Integration) published in Nov 2018 reported that many Integration Authorities struggled to achieve financial balance in 2017/18. Several IJBs needed additional, unplanned allocations from their partners and adding to, or drawing on, reserves. The report recommended that Integration Authorities, councils and NHS boards should work together and view their finances as a

collective resource for health and social care to provide the best possible outcomes for people who need support<sup>5</sup>.

26. There is evidence that finances have been viewed as a collective resource for health and social care as detailed below. These reports detail the financial position and highlight the financial risks which are both substantial and increasing. Regular financial planning and progress reports have been provided to the PK IJB. For example:

- June 2018, the Chief Finance Officer provided an update on the development of the 2018/19 Financial Plan and set out the key financial risks to delivery of financial balance for the year ahead. A shortfall of £920k was reported, driven predominantly by a £438 shortfall on GP prescribing and a £427k gap on in patient Health Services.
- September 2018, the Chief Financial Officer provided a summary of the issues impacting on the financial position in 2018/19 based on the 4 months to 31 July 2018. An overspend of £3.2m was forecasted for the period which was lower than the forward look. Key areas of overspend were provided including Social Care, Family Health Services and Hosted Services across Tayside. The risk sharing arrangement within the Integration Scheme, agreed with Perth & Kinross Council and NHS Tayside, stated that partners may increase payment in year to the IJB, for supplementary allocations in relation to Integrated Functions that could not have reasonably been foreseen at the time that the IJB budget for that year was agreed. 2018/19 is the third year of the IJB.
- November 2018, the Chief Finance Officer reported an overall projected overspend of £4.035m for 2018/19. Adult social care and GP prescribing were highlighted as overspend areas, along with Tayside hosted services. To fulfil the requirements of the IJB's Integration Scheme, a Financial Recovery Plan has been prepared and submitted to the Chief Executives of Perth & Kinross Council and NHS Tayside for initial consideration. Thereafter, after which it will be issued to the IJB for consideration and agreement before being presented formally to Perth & Kinross and NHS Tayside for consideration. Any balance of overspend not addressed by the recovery plan would require to be offset in line with the Perth & Kinross IJB Integration Scheme risk sharing arrangements.
- February 2019, the Chief Finance Officer reported the projected financial forecast for 2018/19 as indicative of a reduced overspend of £1.954m, with the 2018/19 Financial Recovery Plan document including £1.238m of recovery plan actions.
- March 2019, the PK IJB noted the Chief Finance Officer's report recommending setting the recurring budget for Core Health & Social Care Services for 2019/20 and the provisional budgets for 2020/21 and 2021/22. This included a gap of £2.84m for Core Health & Social Care Services in 2019/20. Of the £2.84m shortfall, it was noted that £0.475m can be expected to be resolved through the formal budget offer from NHST. This leaves a gap of £2.367m and while every effort will be made by PKHSCP to identify further efficiency savings, it is not possible to deliver proposed services within the resources being made available. The Chief Officer is to

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<sup>5</sup><http://www.audit-scotland.gov.uk/news/better-collaboration-needed-to-deliver-health-and-social-care-integration>

bring forward further proposals to the IJB that will support delivery of break even in 2019/20.

- Arrangements for PK-HSCP Large Hospital Set-aside in conjunction with NHS Tayside are still in development as with most other IJBs, and will need to be considered within the new Strategic Plan once the arrangements for implementing this are clearer.

### **Willingness and ability to share information to promote new ways of working**

27. New ways of working were within the strategic commissioning approach in the 2016- 2019 Plan, for example - to develop a virtual health and social care market place to improve information about services and how to access them for self-directed support \*(SDS). Evidence of self-directed support was found including a project providing access to SDS for people from ethnic minority populations and this 'person centred' approach may expand to SDS options for other client groups in the future. The 'Your Community PK' website has been designed as a Community PK one-stop shop for information and things to do to support personal health and well-being in Perth and Kinross.
28. The PK IJB Board meeting in January 2018 recognised the need for change in the current configuration of services, to design a service model that will meet the emerging needs of a changing population in Perth and Kinross at the same time as reflecting the need for significant change in the models of service delivery. In February 2018 a visioning event was held with group participation to review and input into the Strategic Commissioning Plan. The P&K IJB Board meeting in June 2018 was informed that a series of meetings have resulted in proposals for the future model of care in Perth and Kinross which is linked to wider work being undertaken across NHS Tayside. The Health and Social Care Partnership is ensuring appropriate links between community and hospital services and encouraging formal review to be inclusive of the future requirements of the Perth and Kinross Community Services.
29. The new draft plan states that major programmes of modernisation and redesign are underway for a range of services which involve shifting the balance of care from hospital to community settings and the development of local services to allow people to access care, support and treatment within the PKHSCP where possible.
30. Section 33 of the Strategic Commissioning Plans Guidance highlights the importance of Integration Authorities to have a Market Facilitation Plan or summary of key requirements to meet demand, incorporated within the Strategic Commissioning Plan. A draft Market Position Statement was provided in February 2019 which was reported as having been discussed by the Strategic Planning Board. The Market Position Statement is intended to provide information of what needs to change, how services will be delivered, setting out priorities and how services will be commissioned. From this a Market Facilitation Plan is to be developed in consultation with providers, once the strategic plan and programme delivery plans have been approved. Therefore the Market Position Plan will be delayed until IJB Strategic Commissioning Plan is approved. The Market Facilitation plan will be used to inform and shape the internal and external commissioning process and help providers in the voluntary and independent sectors to respond to future opportunities to deliver services.
31. Integration delivery principles have included the PK IJB controlled shared space for sharing working documents between stakeholders in addition to the published minutes and related documents of meetings on the IJB website area. During the

review, minutes of SPG meetings were uploaded onto the shared document space.

32. The PK IJB Strategic Commissioning Plan in 2016 reported that work was underway to increase opportunities for people to use technology which support the use of technology enabled care. This commitment to use digital solutions to improve outcomes for people and deliver more efficient care and support is included in the new draft plan. Evidence of the success of Telecare, or community alarms, to assist individuals live independently in their own home and receive help quickly when necessary was reported with Perth & Kinross Council's Community Alarm Team being awarded an accolade from the Technology Enabled Care (TEC) Services Association in January 2019<sup>6</sup>.

### **Meaningful and sustained engagement**

33. Strategic Commissioning Plans Guidance highlights the importance of Integration Authorities to make best efforts to engage with their target audience and allow groups of people with an interest to participate in consultation processes to express an opinion on the draft strategic commissioning plan.
34. The Participation and Engagement Strategy agreed by the PK IJB in 2016 set out principles and approach by the HSCP for engaging with community stakeholders.
35. Health and Social Care Partnership is one of the Outcome Delivery Groups to lead with responsibility for actions which support the delivery of the Community Plan across Perth and Kinross<sup>7</sup>.
36. As part of the refresh of the Strategic Commissioning Plan, P&K IJB redesigned their Strategic Planning Framework in August 2018 into 4 Programmes of Care. An update was provided to IJB in February 2019 on progress from the four Strategic Programme of Care Boards which have been recently established by the P&K Health and Social Care Partnership.
37. The roles and remits of all four Boards are captured within each Strategic Board's Terms of Reference which were presented to the IJB in February 2019 for endorsement. The four Boards are:
- Older People and Unscheduled Care
  - Mental Health and Wellbeing
  - Carers Services
  - Primary Care

These take into account the needs of different communities in Perth and Kinross with three localities identified – Perth City; North Perthshire Locality and South Perthshire Locality in addition to Inpatient and Intermediate Care. These programme Boards all have community stakeholder members and agreed a Terms of Reference. Minutes of their meetings record progress and have been reported to the PK IJB:

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<sup>6</sup> <https://yourcommunitypk.org/listing/telecare-service/>

<sup>7</sup> <http://www.pkc.gov.uk/communityplanning>



- The Primary Care Board (PCB) is collaborating with colleagues across HSCP to produce a robust Strategic Plan. It is however recognised that notwithstanding the need and desire for such an overarching plan, there are large pieces of work which are already being undertaken including the Primary Care Improvement Plan. This Board has met on three occasions including a Strategic Development Session. However further progress is necessary to fully establish its longer term strategic plan.
  - The Mental Health and Wellbeing Programme Board has four existing strategy groups that report to it namely Mental Health & Wellbeing Strategy, Learning Disability Strategy, Substance Use Strategy and Autism Strategy. The vision for the Mental Health and Wellbeing Programme is to support individuals to maximise their independence and health with the right support at the right time Embed multi-disciplinary team working at the heart of 'seamless' care pathways and support for people and implement a high quality model of care that is financially sustainable.
  - The Older People & Unscheduled Care Programme (OPUSC) Board reported that two Board meetings had been held. The vision for the OPUSC Board is to develop a Perth and Kinross model of care for older people The membership of the Board has strong clinical support from 3 Associate Medical Directors and a local General Practitioner, as well as representation from the Health & Social Care Partnership and an Independent Sector representative from Scottish Care. A Third Sector representative has also been identified.
  - The Carers Programme Board oversees the work by the Partnership to develop a Carers Strategy for the next three years, improvements to working practices, systems and commissioned services and the monitoring of the activity to ensure improvements are experienced by carers across Perth and Kinross. A draft Carer Strategic Plan identifying the aims and priorities of the programme has been developed. This plan will underpin the Carers Strategy which will ensure that carers in the area have access to good information in relation to the resources and support that is available to them. It will enable carers to inform developments in the services which are commissioned and the work we do, to improve the support that is available to them. This will enable carers to continue caring and to have a life alongside caring which has been developed and informed by their own interests and outcomes.
38. It was reported to the IJB board in February 2019 that all four Boards are now functioning as Strategic Boards however further progress is necessary to fully establish their longer term strategic delivery plans. The Boards will raise or escalate matters of relevance to the Strategic Planning and Commissioning Board as required. Further progress reports will be provided at each Integration Joint Board. The Strategic Programme of Care Boards intend to provide quarterly updates on progress and performance for the purposes of scrutiny to the P&K Audit & Performance Committee via performance frameworks.
39. In addition to the above it is noted the HSCP invested in community engagement to support a range of groups and forums to deliver consensus on plans and the vision for the future. Involvement and engagement approaches include Local Wellbeing Forums, Service User forum, Carers Forums and strategy group, GP clusters, GP clinical partnership forum, Providers forums, Join the Conversation events held in localities and questionnaires and surveys.

## **ACTION**

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

## **ACKNOWLEDGEMENT**

41. 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.	The PK IJB agreed in Jan 2018 that a Strategic Plan review would be overseen by the Strategic Planning Board. Whilst the Strategic Planning & Commissioning Board (SPCB) has met regularly, the timetable for delivery of a Strategic Plan, incorporating the work of the other groups involved and including all necessary elements has been delayed. The IJB agreed in March 2019 to continue joint services operations following the original Strategic Plan 2016 – 2019 and delay the Strategic Plan update beyond the target date of March 2019 to September 2019.	<p>a) The Strategic Plan should be completed identifying key objectives and priorities consistent with the workforce development plans, financial sustainability planning operation plans and ehealth capacity.</p> <p>b) As the national Strategic Commissioning Plan Guidance section 37 requires that the views of the Strategic Planning Group are taken into account in the review of the strategic commissioning plan, sufficient time should be provided to stakeholders including the SPG for engagement. provided for stakeholders engagement including the SPG and the PK IJB.</p> <p>c) SPG minutes of meetings should be available on the HSCP shared information site to evidence the group's input.</p>	<b>1</b>	<p>Dedicated resource has been allocated to ensure that the Strategic Plan is complete and timetable has been shared with the SPG and IJB. A workshop with the IJB was held on the 5 June 2019.</p> <p>The Strategic Planning Group have had sight of the first draft through a workshop in February 2019. They have also contributed to the development of the four programmes of care. In May 2019, a further SPG meeting where we discussed and set direction around the engagement programme for the Strategic Plan</p>	Chief Officer 30/09/2019

Ref.	Finding	Audit Recommendation	Priority	Management Response / Action	Action by/Date
2.	<p>The 2019-20 budget at March 2019 identified a gap of £2.842m with NHS Tayside anticipated funding still to be confirmed for Complex Care Funding and formal confirmation of NRAC funding.</p> <p>Large Hospital Set-aside arrangements are still under development.</p>	<p>The new Strategic Plan should clearly set-out the decisions and processes required to achieve long-term financial sustainability, setting out the implications for output and quality. These should include overt consideration how the savings identified nationally from Large-hospital set-aside can be delivered and how those savings should be utilised.</p>	<b>1</b>	<p>The Integration Joint Board approved the 3 Year Financial Plan 2019-2022 for Core Health &amp; Social Care Services in March 2019. A robust IJB Budget Review Group supported the development of the financial plan. This provided an opportunity for board members to consider and agree a number of investment and disinvestment plans which will now underpin the refreshed three-year strategic plan. The 3 Year Financial Plan sets out the dis-investment anticipated over the period from large hospital set aside budget. The investment and disinvestment implications of further priorities identified in the refreshed Strategic Plan will require to be considered in detail by each of the Programmes of Care and fed into the ongoing 3 Year Financial Planning process.</p>	<p>Chief Officer 30/09/2019</p>

## 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.