



Accountants &  
business advisers

# Nottingham City Homes

## KPIs and Management Information

March 2013

Final Report

**Assurance Level:**

Substantially meets expectations

**Audit Sponsor** – Janet Glass

**Staff Interviewed** – Janet Glass, Tricia Quinn

**Audit Team** - Hamid Ghafoor, Nicola Higginbottom and Ruth Gibbons

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# 1 Introduction

- 1.1 Our work was performed as part of our internal audit plan for 2012-13, which was agreed with Management and the Audit Committee.
- 1.2 The purpose of our review was to assess the adequacy and effectiveness of the internal controls over KPIs and Management Information currently in place at Nottingham City Homes.
- 1.3 In particular, our review considered the following potential risks:
- The Organisation's performance indicators in the areas of Housing Management Services and Property Services may not be fit for purpose following completion of the modernisation programme in these areas;
  - Performance management indicators may not be reflective of the operational and strategic objectives of the Organisation in the areas of Housing Management Services and Property Services; and
  - The Covalent system may not be effectively utilised to support the reporting and monitoring of performance indicators.
- 1.4 The work was carried out primarily by holding discussions with relevant staff, reviewing any available documentation and testing controls in place to determine their effectiveness.
- 1.5 This report has been prepared as part of the internal audit of Nottingham City Homes under the terms of the contract for internal audit services. It has been prepared for Nottingham City Homes and we neither accept nor assume any responsibility or duty of care to any third party in relation to it. The conclusions and recommendations are based on the results of audit work carried out and are reported in good faith. However, our methodology relies upon explanations by managers and sample testing and management should satisfy itself of the validity of any recommendations before acting upon them.

# 2 Executive Summary

- 2.1 We have carried out the audit in accordance with the programme agreed with management and the Audit Committee. Based on the audit work carried out we have concluded that the level of control over KPIs and Management Information is: **substantially meets expectations**.
- 2.2 There have been no amendments to the suite of performance indicators within the Housing Management and Property Services directorates specifically as a result of the modernisation programmes in these areas, although there is evidence that changes are made where circumstances suggest this is required.

We considered this appropriate in the circumstances. Performance indicators are reviewed at least annually regardless of any such programmes, to ensure they continue to be aligned with Corporate priorities and objectives.

- 2.3 There are clear guidelines in place for teams to assist them in the production of their team plans and ensuring the objectives and targets within them are aligned to the overall Corporate plan and objectives. The process for production of team plans for 2013-14 was underway during fieldwork. We reviewed a number of draft team plans for 2013-14 and concluded that these were linked clearly to the strategic and operational objectives of the Organisation in these areas. In addition, there is clear guidance in place for managers for conducting the staff appraisal process which, if implemented fully in practice, will ensure that individuals are set objectives and targets which are aligned to their team plan.
- 2.4 There is appropriate performance management information for different levels of management and the Board, to support effective decision making, and the Organisation has appropriate arrangements in place to address areas where performance is below target.
- 2.5 The Organisation has plans in place for the 2013-14 financial year to use Covalent effectively to identify links between strategic planning and reporting and monitoring of performance indicators. Testing confirmed that performance indicators are updated on Covalent on a timely basis. However, not all teams update commentaries surrounding their performance indicators on a monthly basis as required by the Organisation's procedures.
- 2.6 Key enhancement opportunities include:
- In order to further support effective decision making, each quarterly performance report and the need for any corrective action should be considered at the appropriate meeting of EMT.
  - Procedures for updating Covalent on a monthly basis with performance indicator commentaries should be re-iterated to teams where this is not operating effectively in practice.
- 2.7 Finally, we wish to thank all members of staff for their availability, co-operation and assistance during the course of our review.

**PKF (UK) LLP**  
**March 2013**

### 3 Detailed Findings

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>The Organisation's performance indicators in the areas of Housing Management Services and Property Services may not be fit for purpose following completion of the modernisation programme in these areas.</p>	<p><u>Property Services</u></p> <p>The modernisation programme in this area entailed the introduction of mobile working and the "Opti-time" system. "Opti-time" is an appointment-scheduling system where each operative has a mobile device so that appointment locations and times can be sent to them. The aim of this was to improve productivity and reduce fuel costs.</p> <p>Indicators are in place to measure productivity under the repairs contract and were agreed to the Covalent reports. Target productivity levels have not changed as a result of the introduction of the mobile technology; this performance remained below the previous target of 95% in all areas therefore it was not deemed appropriate to increase the target. In addition, the Organisation is constrained in the performance indicators it uses for repairs under the repairs contract, which specifies the performance indicators and targets that must be measured and monitored. Therefore, although there have not been any specific changes to the performance indicators in use in this area following the modernisation programme, this is deemed appropriate.</p> <p>Although there have been no changes to the suite of performance indicators used as a direct result of the modernisation programme in this area, there is evidence that changes are made where circumstances suggest this is necessary.</p>	<p>Based on the results of the audit work carried out, the Organisation has appropriate efficiency and productivity measures in place to enable it to understand the impact of the modernisation programme.</p> <p>Whilst there have been no changes to the suite of performance indicators in use specifically as a result of the modernisation, this is deemed appropriate.</p> <p>Performance indicators and targets in use in the Property and Housing Management Services areas are reviewed periodically as part of the team planning process to ensure they remain in alignment with the Corporate Plan priorities.</p> <p>The Organisation has appropriate efficiency and productivity measures in place in these areas to enable it to understand the impact of the modernisation programme.</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>The Organisation's performance indicators in the areas of Housing Management Services and Property Services may not be fit for purpose following completion of the modernisation programme in these areas.</p> <p>(Continued)</p>	<p>For example, the Organisation has revised the way it measures "right first time" information under the repairs contract to include a measure of the customer's perception that the repair was carried out right first time. We noted that performance in this area is currently below target, but there are actions in place to address this, and these are discussed further below.</p> <p>The modernisation programme was implemented to enhance productivity, and the Organisation already had in place appropriate measures to enable it to monitor trends in this area. The repairs contract report showing the productivity data was found to be comprehensive and detailed, splitting data down to team level. It was noted that there was a downward trend in the majority of areas for the productivity measure. From discussions held, this was felt to be due to a change in the terms and conditions for the repairs staff, whereby they are now entitled to sick pay, which has led to an increase in sickness absence in this area, with a consequent impact on the productivity statistics.</p> <p>Average cost of work carried out is also monitored.</p>	<p>As above</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>The Organisation's performance indicators in the areas of Housing Management Services and Property Services may not be fit for purpose following completion of the modernisation programme in these areas.</p> <p>(Continued)</p>	<p><u>Housing Management Services</u></p> <p>The Housing Management Services directorate has undergone a restructure. This has involved the consolidation of a number of customer access points (for example, combining the rents, repairs and housing management call centres into a single contact centre), and the introduction of greater mobile working (where staff have been given technology to be able to access the Organisation's systems from tenants' properties, so they can access information there rather than having to return to the office, and can log information whilst out on estates). The aim of these changes was to introduce greater efficiency and reduce "avoidable contact" with tenants. Another aim was to have more staff out on "patches" to ensure the Patch Manager role was meeting customer needs. Part of the modernisation programme within Housing Management Services has also been a re-focusing towards tenancy sustainment and financial inclusion, to help to manage the potential impact of welfare reform.</p> <p>It was confirmed through discussion that there have been no specific changes to the suite of performance indicators as a result of the above developments. This is because the "core business" of the Organisation has not changed as a result, only the approach to delivery of the services.</p> <p>However, assurance was obtained that the suite of performance indicators is kept under review to ensure it remains aligned with Corporate Plan priorities.</p> <p>For example, it was confirmed that the greater focus on tenancy sustainment has led to a higher degree of performance management information being scrutinised in this area.</p>	<p>As above</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>The Organisation's performance indicators in the areas of Housing Management Services and Property Services may not be fit for purpose following completion of the modernisation programme in these areas.</p> <p>(Continued)</p>	<p>We also confirmed that the Organisation has a performance indicator in place to monitor avoidable contact - this is "percentage of calls received at the Contact Centre that are classed as failure demand". It was verified to Covalent that the Organisation is monitoring trends in this area.</p>	<p>As above</p>
<p>Performance management indicators may not be reflective of the operational and strategic objectives of the Organisation in the areas of Housing Management Services and Property Services.</p>	<p><u>Corporate and team planning</u></p> <p>The Organisation has in place a 3 year Corporate plan which lists out the three Corporate goals and the associated objectives. There is a new team planning process in place for 2013/14. Teams were undertaking this at the time of fieldwork.</p> <p>This requires teams to build their plans around the Corporate plan and objectives. There are team planning guidelines in place to ensure that teams give due consideration to the corporate plan and objectives when devising their team plans. These guidelines were obtained and reviewed, and were found to contain clear guidance to ensure teams build their plans based on the overall Corporate plan and objectives, and to ensure teams develop performance indicators which adequately reflect the corporate goals and objectives of the Organisation in their area.</p> <p>The guidelines also provide a template for the team plan on a section-by-section basis. This emphasises the need to state how the team contributes to the Corporate Plan, to select the corporate objectives that the team will have a role to play in delivering against and the headline priorities for the team for 2013-2014, and to establish what initiatives and plans are needed to achieve the team's contribution to those objectives.</p>	<p>There are guidelines in place for the production of team plans which are sufficient to ensure clear and appropriate alignment between team plans and the strategic and operational objectives of the Organisation.</p> <p>Each team within the areas of Housing Management Services and Property Services directorates has a team plan in place. Sample testing confirmed these are clearly aligned to the relevant strategic and operational objectives of the Organisation.</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>Performance management indicators may not be reflective of the operational and strategic objectives of the Organisation in the areas of Housing Management Services and Property Services.</p> <p>(Continued)</p>	<p>In addition to the team initiatives, there are a number of "cross-cutting initiatives" in place within the Organisation (for example, tenant involvement and customer service), to which all teams are expected to contribute, and their actions to achieve this must be set out in the team plan.</p> <p>Based on the above, if implemented in practice, the guidelines are sufficient to ensure that each team has a team plan which is clearly and appropriately linked to the strategic and operational objectives of the Organisation.</p> <p>A sample of draft team plans (for teams within the Housing Management and Property Services directorates) for 2013-14 was reviewed to assess compliance with the guidelines, specifically with reference to the clarity of the linkages with the overall Corporate plan. It was concluded that team plans are appropriately aligned to the Corporate Plan.</p>	<p>As above</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>Performance management indicators may not be reflective of the operational and strategic objectives of the Organisation in the areas of Housing Management Services and Property Services.</p> <p>(Continued)</p>	<p>Discussions highlighted that draft team plans are subject to review and challenge by the Business Improvement and Development ("BID") team prior to finalisation. This involves the BID team challenging any targets they feel are inappropriate, going through the Corporate plan and picking up any items they feel the team plans do not sufficiently address, and checking the relevance of any proposed actions and initiatives to the overall Corporate plan. Examples of draft team plans were obtained, which showed comments and changes demonstrating this process operating in practice.</p> <p>It is anticipated that all finalised team plans will be presented to Company managers/ EMT on 9 April 2013 and they will be loaded onto Covalent shortly after. Further consideration of the use of Covalent is given below.</p> <p><u>Objectives for individual members of staff</u> Following the development of the team plans for the forthcoming financial year, there will then be a three-month period of staff appraisals at which individuals' performance against the prior year objectives will be reviewed and objectives for the forthcoming year, based on the team plans, will be set.</p> <p>The expectation is that team members will be involved in the development of team plans and so will be aware of the various expectations and initiatives prior to their appraisal. This requirement is set out in the team plan guidelines.</p> <p>Progress towards objectives is also measured throughout the year as part of the one-to-one process.</p> <p>There is a managers' guide to the performance appraisal scheme in place. We obtained and reviewed the version for 2012-13 but understand this will be updated for 2013-14.</p>	<p>As above</p> <p>There is clear guidance in place for managers which, if implemented fully in practice, will ensure that individuals are set objectives and targets which are aligned to their team plan.</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>Performance management indicators may not be reflective of the operational and strategic objectives of the Organisation in the areas of Housing Management Services and Property Services.</p> <p>(Continued)</p>	<p>The guidance emphasises that team plans should form the basis of individual employee work plans and that every employee should be able to see exactly how they will be improving services for customers through their personal objectives/targets from their performance appraisal. It states that:</p> <p><i>"The primary purpose of agreeing objectives and targets with an individual is to ensure that their activity supports the achievement of service objectives, which in turn meet the Company's overall aims included in the corporate plan. There must be clear agreement and understanding between manager and employee as to what these objectives are"</i></p> <p>The section of the performance appraisal form where objectives for the forthcoming year are set is in the form of a table, where the left hand column requires the corporate or team objective filled in, and the right hand column requires the SMART objective for the individual to be input. This demonstrates that, if applied in practice, there is an appropriate link between the team plan and the individual objectives. The staff one-to-one form used for the review process throughout the year was also obtained. This has space for a review against the objectives and targets set at the start of the year.</p> <p>Discussions confirmed that, there is no over-arching review of staff objectives from appraisal documentation by either the HR or Business Improvement teams to assess whether the team plan objectives are covered in a relevant manner. This is the responsibility of individual teams, and this is deemed a reasonable approach. We were unable to test adherence to the guidance in practice as appraisals where staff objectives for 2013-14 will be set had not taken place as at the date of fieldwork</p>	<p>As above</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>Performance management indicators may not be reflective of the operational and strategic objectives of the Organisation in the areas of Housing Management Services and Property Services.</p> <p>(Continued)</p>	<p><u>Review of Performance Indicators</u> <u>Board level</u></p> <p>There is a Performance and Service Improvement Sub-Committee ("PSIC") of the Board. This meets four times per year. The terms of reference state that this Committee is charged with ensuring the Company is setting performance standards based on customer needs, expectations and aspirations, monitoring performance to ensure those targets are met or taking remedial action as appropriate, and ensuring that services are regularly reviewed. From review of the meeting pack for the January 2013 meeting, it could be seen that the Committee had reviewed the Performance report to December 2012.</p> <p>Review of the minutes of the October 2012 and July 2012 PSIC meetings demonstrated that the performance information provided had been discussed and challenged. In a number of cases explanations by management were given highlighting where additional resources had been applied, or remedial actions taken to improve performance. The information provided therefore appeared effective for the Committee's purpose.</p> <p>We enquired as to how the performance indicators shown in the Performance report reviewed by the PSIC had been developed. These were decided upon based on the overall Corporate plan and review confirmed that the two were aligned. This is therefore deemed a reasonable approach.</p> <p><u>Executive (EMT) level</u></p> <p>EMT review the same report as that reviewed by the PSIC. Members of EMT also have access to Covalent and can therefore access any of the available performance information for any of the teams for which they are responsible.</p>	<p>There is appropriate performance management information for different levels of management and the Board, to support effective decision making.</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>Performance management indicators may not be reflective of the operational and strategic objectives of the Organisation in the areas of Housing Management Services and Property Services.</p> <p>(Continued)</p>	<p>It was confirmed to the minutes of the 1 October 2012 EMT meeting that EMT had considered the Q2 quarterly performance report at this meeting. The minutes showed that EMT had discussed voids (and were updated that the voids improvement group were looking at why numbers remained so high) and had discussed reasons behind sickness absence levels. The information therefore appears to be in an appropriate level of detail to facilitate discussion at EMT.</p> <p>However, it was confirmed to us that the Q3 performance report had not been discussed at EMT level. Performance information should be considered at EMT meetings on at least a quarterly basis.</p> <p><i>Directorate (DMT) / Team level</i> Detailed reports are available from Covalent regarding performance at a team level. It is up to teams how much/how little information they want to extract from Covalent to inform their meetings and their decision making. This is an appropriate approach. We reviewed a number of examples of the available reports, and confirmed these were detailed and appeared comprehensive; therefore there is sufficient information available for teams.</p> <p>DMT and team meetings are held on a monthly basis.</p> <p><i>Addressing areas where performance is below target</i> The Company performance report to December 2012 was reviewed in order to identify any areas where performance was not meeting targets in place.</p> <p>The following areas of below-target performance were identified:</p>	<p>As above</p> <p><b>R1</b> In order to further support effective decision making, each quarterly performance report and the need for any corrective action should be considered at the appropriate meeting of EMT.</p> <p>The Organisation has appropriate arrangements in place to address areas where performance is below target.</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>Performance management indicators may not be reflective of the operational and strategic objectives of the Organisation in the areas of Housing Management Services and Property Services.</p> <p>(Continued)</p>	<ul style="list-style-type: none"> <li>•Overall tenant satisfaction with the repairs service has continued to increase - but right first time repairs and percentage of repair appointments made and kept is off target (percentage of tenants satisfied that their repair was completed right first time was 68.66% in the December company performance report, against a target of 75%, and percentage of repair appointments made and kept was 94.64% against a target of 97%);</li> <li>•Tenant satisfaction with complaint handling is improving, but has not yet reached target (per the December company performance report, the current score was 6.53 out of ten against a target of 7.5);</li> <li>•The number of lettable voids and the average re-let time are behind target (total number of lettable voids per the December company performance report was 294 against a target of 270, and average void re-let time for all voids was 31.35 days against a target of 26 days);</li> </ul> <p>The measures in place to address the below-target performance in these areas were therefore identified.</p> <p>There are strategic improvement groups in place in two of these areas - the strategic voids group and the complaints improvement group. In general, where an area is considered to require improvements in performance, consideration will be given to setting up an improvement group in that area.</p> <p>The action plan for the complaints improvement group was obtained as evidence that this occurs in practice. From a review of the action plan, it was noted that each planned action had a due date and progress against the action had been updated. It was further noted that the group had been established in September 2012 and had met twice. The Organisation is therefore taking appropriate action in this area.</p>	<p>As above</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>Performance management indicators may not be reflective of the operational and strategic objectives of the Organisation in the areas of Housing Management Services and Property Services.</p> <p>(Continued)</p>	<p>In terms of the repairs service performance, there are a number of actions listed in the Company performance report to December 2012 which are designed to address the performance in this area, as follows (extract):</p> <p><i>"We will continue to modernise the repairs and maintenance service through the 'First Class First Time' programme. This programme includes:</i></p> <ul style="list-style-type: none"> <li>• <i>A review of the workforce to ensure that it is fit for purpose</i></li> <li>• <i>The continuation of mobile working roll out</i></li> <li>• <i>Rationalisation of the schedule of rates</i></li> <li>• <i>Introduction of lean management techniques</i></li> <li>• <i>Customer care training</i></li> <li>• <i>Fleet replacement.</i></li> </ul> <p><i>We will review the appointment times allocated by our software, which will lead to a more realistic allocation of time for some common repairs. This will reduce the requirement for appointments to be extended due to lack of time initially allowed for operatives.</i></p> <p><i>We are also piloting 'Lean' methodology which will help to identify wasteful activity and improve service to customers. We have piloted the methodology within the 'Right First Time' repairs service, and selected the area of missed appointments as one which will deliver both improvement opportunities and benefits".</i></p> <p>It was confirmed through discussion that the "First Class First Time" programme discussed above has a defined action plan in place. This is documented on, and being tracked through Covalent. Two of the bullet points above were therefore selected (mobile working and lean management techniques) and it was confirmed that these are both logged on Covalent, there are milestones documented within each point with given deadlines, and progress against them is being tracked. It was therefore concluded that there is an appropriate action plan in place to address the performance in this area.</p>	<p>As above</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>The Covalent system may not be effectively utilised to support the reporting and monitoring of performance indicators.</p>	<p><u>Use of Covalent</u> The team planning process for 2013-14 was on-going at the time of fieldwork.</p> <p>Therefore, as at the time of fieldwork, not all of the team plans for 2013-14 had been uploaded to Covalent as they are not yet all complete.</p> <p>However, the system planned to be in place for 2013-14 was demonstrated to us for the Estates and Caretaking ("E&amp;C") team plan (which is the first one to be completed and uploaded to Covalent) so that the planned usage of the system for the forthcoming year could be observed.</p> <p>It could be seen that the three overall Corporate goals (as set out in the current Corporate plan) were shown, and underneath each one were the actions and service initiatives from the E&amp;C team plan which linked to each of the goals. For each action, the performance indicators intended to measure the action were linked.</p> <p>For each team it will be possible to click on the name of the team and view a score card showing all of the actions from the team plan and whether these are on track.</p> <p>The above demonstrated that the Organisation is planning effective use of Covalent for 2013-14 in order to identify the links between the overall Corporate plan, team plans and relevant performance indicators.</p>	<p>The Organisation has plans in place for the 2013-14 financial year to use Covalent effectively to identify links between strategic planning and reporting and monitoring of performance indicators.</p>

Key Risks	Key Controls and Mitigating Action	Conclusion
<p>The Covalent system may not be effectively utilised to support the reporting and monitoring of performance indicators.</p> <p>(Continued)</p>	<p><u>Updating of information on Covalent</u></p> <p>There is a performance calendar in place which details for each day throughout the financial year, the tasks that are to be performed in order for performance management information to be maintained up to date. This shows the dates on which the Business Improvement team is expected to produce the performance information for the various teams, and the dates on which the teams are expected to upload their commentaries on performance to Covalent. The members of the Business Improvement team include a Data Officer and a Performance Analyst, overseen by the Performance Review Manager, and they are responsible for ensuring on a monthly basis that the information is on Covalent on a timely basis for teams to review. This is a routine monthly procedure.</p> <p>Teams are required to provide commentary on Covalent on each of their performance indicators on a monthly basis. The first Friday of each month is designated "Covalent update day" and this is intended to act as a prompt to teams to update Covalent accordingly.</p> <p>A sample of 8 performance indicators was selected from Covalent to ensure that both the performance indicator itself and the commentary were up to date. In all cases the performance measure itself was up to date. However, in 5 of the 8 cases the commentary on the PI had not been updated within the last month in accordance with requirements.</p>	<p>There are arrangements in place for performance indicators to be updated on a timely basis on Covalent and these are operating effectively.</p> <p>Procedures require individual teams to update the commentaries on their performance indicators on Covalent on a monthly basis, but this is not operating consistently in practice.</p> <p><b>R2</b></p> <p>Procedures for updating Covalent on a monthly basis with performance indicator commentaries should be re-iterated to teams where this is not operating effectively in practice.</p>

## 4 Action Plan

Ref.	Findings	Recommendations	Priority	Management Response	Responsibility/ Due date
R1	We confirmed that the Q1 and Q2 quarterly performance reports had been reviewed at EMT meetings, but the Q3 quarterly performance report had not been reviewed at this level.	In order to further support effective decision making, each quarterly performance report and the need for any corrective action should be considered at the appropriate meeting of EMT.	Medium	Quarterly performance items scheduled at EMT	Janet Glass, Head of Business Improvement and Development  1 <sup>st</sup> April 2013
R2	There are arrangements in place for performance indicators to be updated on a timely basis on Covalent and these are operating effectively.  Procedures require individual teams to update the commentaries on their performance indicators on Covalent on a monthly basis, but this is not operating consistently in practice.	Procedures for updating Covalent on a monthly basis with performance indicator commentaries should be re-iterated to teams where this is not operating effectively in practice.	Medium	This is an ongoing priority within the performance team.  Process to be developed as part of ISO 9001 Quality Management System.	Janet Glass, Head of Business Improvement and Development  1 <sup>st</sup> April 2013  Janet Glass, Head of Business Improvement and Development  1 <sup>st</sup> May 2013

## 5 Definitions

Assurance Level	Definition
<b>Fully meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the area under review and meet or exceed relevant external requirements. There is only a small risk of failure or non-compliance.
<b>Substantially meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the key objectives and risk management aims of the organisation in the area under review and meet most relevant external requirements. There is some risk of failure or non-compliance.
<b>Partly meets expectations</b>	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the area under review or may not meet relevant external requirements. There is a significant risk of failure or non-compliance.
<b>Does not meet expectations</b>	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the area under review or will not meet relevant external requirements. There is an almost certain risk of failure or non-compliance.

Recommendation priority	Definition
<b>High priority recommendations (Covalent priority 1)</b>	Those that failure to address would result in a significant and unacceptable risk to the organisation arising or continuing.
<b>Medium priority recommendations (Covalent priority 2)</b>	Those that failure to address would result in a moderate risk to the organisation arising or continuing or relate to significant best practice improvements.
<b>Low priority recommendations (Covalent priority 3)</b>	Those that failure to address would result in a minor risk to the organisation arising or continuing or relate to moderate best practice improvements.