Causeway Coast and Glens Borough Council

Internal Audit Report
Performance Improvement

June 2021

MOORE

INTERNAL AUDIT REPORT

Performance Improvement

Executive Summary

This internal audit was completed in accordance with the Council's approved annual Internal Audit Plan. This report summarises the findings arising from a review of Performance Improvement.

The table below summarises the key areas of potential risk reviewed:

Risk	Number of recommendations & Priority rating		
	1	2	3
There may be an inadequate process in place for identifying areas for performance improvement leading to a lack of transparency, poor decision-making, on performance improvement priorities and poor-quality projects being developed for 2019/20	-	4	2
Planning, monitoring and management arrangements for improvement objectives and associated actions/projects may not be embedded across Council leading to a lack of effective performance improvement project delivery and Council statutory duties not being fulfilled	-	1	1
Total recommendations made	**-**	**5**	**3**

All key controls tested within these risks are included at Appendix II to this report.

Based on our audit testing we are able to provide the following overall level of assurance:

Satisfactory	Overall, there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

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Auditor:	Catriona HcHugh
Distribution:	Audit Committee
	Chief Executive
	Head of Performance
	Director of Corporate Services

All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council's internal control system.

1. Objective

The areas for inclusion in the scope of the audit were determined through discussion with management and considered the main risks facing performance improvement and a review of the key systems and controls in place to address these. The objective was to ensure that:

- There is an adequate Performance Improvement framework in place
- Processes are operating as expected

2. Background

Performance Improvement is a new requirement for Councils. Councils are required under the Local Government (Northern Ireland) Act 2014 to gather information to assess improvements in their services and to issue a report annually on their performance against indicators which they have either set themselves or that have been set by Central Government Departments.

For each financial year the Council must set itself improvement objectives for improving the exercise of its functions. Each improvement objective must bring about improvement in one or more of the specified aspects of improvement (Strategic Effectiveness, Service Quality, Service Availability, Fairness, Sustainability, Efficiency and Innovation). Under these requirements, the Council has a role to ensure that arrangements for the collation of performance evidence, good governance and progress reporting are in place.

In the past the Northern Ireland Audit Office has highlighted delays in the development and implementation of a Performance Improvement framework and processes for Causeway Coast and Glens Council. In the last 18-24 months Audit notes a concerted effort in addressing this, although further improvement is still required.

Causeway Coast and Glens Council has taken the positive step of joining up with 9 of the 10 other Northern Ireland Councils to be part of the "Northern Ireland Project". This is a National Benchmarking Framework that is led and facilitated by APSE Performance Networks. Through membership of this network, Council will now be subject to and contribute data against over 170 Performance Indicators across 12 Services areas. This will assist in providing baseline data to help in the identification of issues which may need to be addressed through Council's performance management framework.

Council's Performance Team, working closely with Councils' own Digital Services Team, have also created, built and developed a new Performance Management Software for Council named PERFORM to assist in the monitoring and reporting of progress against Performance Improvement information. The key performance indicators and improvement actions from annual Performance Improvement Plans as well as Service and Directorate Business Plans are being used to populate PERFORM. In addition the APSE led national Performance Network Indicators have also been added to the suite of indicators that will be managed with the new software platform.

For the year 2020/21 the scope of the Local Government Auditor's work was confined to a review of the Council's self-assessment report issued in September 2020. Based on this fact and the outcome of previous internal audit reviews of Performance Improvement the scope of this audit will be to review the arrangements in relation the main risks associated with:

- Policies and procedures supporting identification of areas for improvement
- Monitoring of performance improvement

Our procedures were limited to those considered necessary for the effective performance of the audit. Therefore, internal audit's observations should not be regarded as a comprehensive statement of all weaknesses which exist, or all improvements which could be made in performance improvement.

3. Risks

The risks identified by Internal Audit relating to Performance Improvement and agreed with management are as follows

1. There may be an inadequate process in place for identifying areas for performance improvement leading to a lack of transparency, poor decision-making, on performance improvement priorities and poor-quality projects being developed for 2019/20
2. Planning, monitoring and management arrangements for improvement objectives and associated actions/projects may not be embedded across Council leading to a lack of effective performance improvement project delivery and Council statutory duties not being fulfilled

4. Audit Approach

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

5. Findings and Recommendations

5.1 Risk 1 – Inadequate Process for Identification of Performance Improvement Priorities

<table>
<tr><td colspan="2" style="background:#29ABE2">**ISSUE 1 – Policies and Procedures**</td></tr>
<tr><td>a)</td><td>**Observation-** In tandem with the advancements made by Council in the last 18-24 months around performance management. Audit has found that the linkages between the Corporate, Business Planning, Community Plan and Performance Improvement have been further developed. A new Corporate Plan is in place with a commitment to monitor and update objectives (as required) on an annual basis. The Community Plan and associated monitoring is now well established. The timing of Business Planning for 2020/21 has improved and monitoring of Business Plan progress in year is occurring with increasing frequency.

Council has also created an online portal for recording Performance Improvement targets and monitoring their progress (PERFORM). In addition Council has joined APSE which provides a method for monitoring of performance indicators used across Local Government in Northern Ireland, to facilitate benchmarking against other Councils. The Council's online monitoring portal (PERFORM) has been further developed to incorporate the APSE indicators and their monitoring. Audit notes detailed reports on APSE indicator results are now being reported to the relevant Committees in Council.

Training has been provided to staff involved in collating data for APSE and roles and responsibilities around monitoring are better established.

Audit notes processes have evolved to support a performance management framework but are yet to be collated into an agreed Policy and procedure(s) to support a Performance Management Cycle. Performance Management incorporates more than Performance Improvement plans and reports. A Performance Management Cycle covers Corporate Planning, Business Planning, Community Planning, the statutory Performance Improvement obligations and associated progress monitoring such as APSE and in year Business Plan reporting.</td></tr>
<tr><td>b)</td><td>**Implication-** In the absence of a clearly documented corporate performance management framework which demonstrates the linkage between the Community Plan, Corporate Plan, the Council's Performance Improvement Plan and Directorate Business Plans/Annual Service Plans there is a risk of a lack of synchronised information leading to poor decision making on performance improvement priorities.</td></tr>
<tr><td>c)</td><td>**Priority Rating**- 2</td></tr>
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d) **Recommendation**- Council should document a Performance Management Cycle and procedure, which includes:
- Clear explanation of the linkages between the key elements of performance management framework and how Council supports these linkages
- Key dates and deadlines in the cycle of activities which support the performance management framework (from planning, though monitoring feedback and revision)
- All roles and responsibilities

e) **Management Response- Agree.** Council has developed and brought online several new initiatives and components of its Performance Improvement Cycle this past year. Council recognises and agrees that it is important to document and formalise theses arrangements and as such work is ongoing on the development of an update Performance Improvement Cycle for Causeway Coast and Glens Council. This will be complemented by a new Policy once fuller guidance has been received from Dept Communities concerning the longer terms requirements under the Performance Duty.

f) **Responsible Officer & Implementation Date-**
Performance Team, September 2021

ISSUE 2 – Training

g) **Observation-** Audit notes that training has been provided in the past on Business Planning, that ongoing monitoring and support is provided to managers and staff in relation to performance improvement and that training has been provided on APSE and the new Council performance portal (PERFORM). Training on performance matters has been reactive as the process has evolved.

h) **Implication-** In the absence of a clear understanding of the training needs linked to the overall performance management cycle there is a risk of inadequate understanding amongst Heads of Service, managers, and staff of their role in developing performance improvement priorities.

i) **Priority Rating**- 3

j) **Recommendation**- Once a documented a Performance Management Cycle and procedure is in place Council should carry out a training needs assessment relating to the performance management cycle/framework and devise an appropriate training plan for staff.

k) **Management Response- Agree.** Training on the APSE benchmarking process has been provided across Council, and the Services have held sessions in terms of Business Plan development. Agree that once Performance Improvement Cycle is agreed that such a training need analysis and rollout should take place.

l) **Responsible Officer & Implementation Date-**
Performance Team, December 2021

ISSUE 3 – Citizen's Survey
a) **Observation-** A Citizen Survey is planned for the summer of 2021 to obtain feedback from the residents of the Borough on their opinion of the Services provided by Causeway Coast and Glens Council. This is a useful initiative which will assist Council in identifying areas for further improvement.
b) **Implication-** If the citizen survey is viewed as solely the responsibility of Council's Performance Improvement Officer there is a risk that future opportunities for further information gathering and analysis are overlooked at the Directorate or operational level.
c) **Priority Rating**- 2
d) **Recommendation**- Council should use the results of this first high-level Citizen Survey as a trigger for Directorates to develop their own service specific surveys in the future. The results of such surveys should be reported back to the Performance Improvement Officer and also used to inform future priorities.
e) **Management Response- Agree.** The development and rollout of Citizens survey is a welcomed development for Council and remains on track to be completed during the summer of 2021. One of Council's most important aims with this work is to encourage and grow a culture of engagement between the various Council Services and our citizens, and we expect this to grow.
f) **Responsible Officer & Implementation Date-** Citizens Survey – Performance Team – August 2021

ISSUE 4 – Review of Corporate Plan
a) **Observation-** As mentioned earlier Audit notes that new Corporate Plan is now in place for Council and that it refers to an undertaking to review the progress of working towards the Corporate Plan objectives annually and updating of the plan and its objectives as necessary. The Corporate Plan is a cross cutting document and is a critical part of the overall Council Performance Management Cycle. A review of progress will require identifying sources of progress data and information from across Council, probably including APSE and Performance Improvement indicators.
b) **Implication-** If the sources of progress information to support an annual review of the Corporate Plan are not identified in a timely manner and supported by a documented procedure to gather and collate, there is a risk of delay in monitoring and updating the Corporate Plan.
c) **Priority Rating**- 2

d) **Recommendation**- A procedure should be drawn up and documented to support a review and update of the Corporate Plan on an annual basis. The procedure must ensure all required data sources are identified and relevant personnel are aware of the timings and deadlines.

e) **Management Response- Agree.** Performance Team would be happy to contribute and assist in any way possible in terms of development and ongoing review of the Corporate Strategy. It is agreed that a procedure is needed to ensure all required data is sourced and available to feed into the indicators to be used to access progress with the Corporate Strategy/Plan. Work on this procedure will commence and this will be documented and approved by the SLT as sourcing of data will cut across all Directorates within Council.

Responsible Officer & Implementation Date- Head of Policy and Community Planning - September 2021

ISSUE 5 – Review of Business Plans

a) **Observation-** As referred to earlier in this report Business Planning is a key component of the Performance Management Cycle and play a key role in Performance Improvement. Audit reviewed a number of Business Plans across Council for the years 2020/21 and 2021/22.

Business Plans (BPs) were found to include reference to Performance improvement objectives. Audit notes that while BPs include specific actions (KPIs) and usually a target date to achieve these, there is not a consistent use of baseline performance data to measure progress from. There is also an inconsistent reference to the newly introduced APSE indicators. Audit accepts this is the first year APSE has been used and is very pleased to note separate reporting of APSE indicator performance to relevant Committees.

b) **Implication-** If baseline performance data is not included in BPs there is a risk that future improvement is not being appropriately measured and demonstrated. In the absence of reference to APSE, within the BP, there is also a risk of overlooking the linkage between BPs and any issues identified through APSE monitoring.

c) **Priority Rating**- 3

d) **Recommendation**- The format of the Business Plan should be reviewed to consider how to best to integrate PSE information and baselines need to be consistently developed for KPIs in the BPs going forward. This should be a joint exercise between the Head of Policy (who oversees Corporate and Business Planning) and Performance Improvement Officer (who oversees APSE and Performance Improvement)

e) **Management Response- Agree.** Performance Team has been involved in this process and indeed welcomes the positive steps made over the past year in terms of content and early publication dates of Annual Business Plans. Indeed, Performance Team would be happy to contribute and assist in any way possible in terms of further development and ongoing review of the Business Planning process. This is an important step in the Performance Improvement Cycle. There will be a joint effort to review the format of the Business Plans.

Responsible Officer & Implementation Date- Head of Policy and Community Planning and Performance Team - December 2021

ISSUE 6 – Accuracy and Consistency of Data

a) **Observation-** There are currently limited and ad hoc checks carried out on the accuracy of some data used for baselines and monitoring of indicators and targets. APSE will also perform verification on data it receives from Council.

b) **Implication-** If data is not checked, or independently verified there is a risk of inaccuracies in the data being used for setting baselines and monitoring.

c) **Priority Rating**- 2

d) **Recommendation**- Some form of independent verification (at least on a sample basis) should be performed for data used.

e) **Management Response- Agree.** This is an important part of the Performance Improvement Cycle and has been raised by external audit. APSE does provide verification for our National Benchmarking data, central Government Departments do provide this for our Statutory indicators but do agree that there is a role for the Council Services to play in terms of providing some additional evidence/clarity over the verification of their Business Plan data. The Performance Team will discuss this with SLT to identify and agree how additional verification checks can be introduced

f) **Responsible Officer & Implementation Date-**
Performance Team
December 2021

5.2   Risk 2 – Inadequate Monitoring of Improvement

ISSUE 7 –   Business Plan Monitoring
a) **Observation-** The development of the bespoke software PERFORM is a very positive initiative by Council. This new software will prompt and alert individuals to insert updates on performance improvement indicators and targets allowing easier tracking of progress of Performance Improvement projects. PERFORM also has the capability to facilitate monitoring of Business Plan indicators and targets. Audit also observed improvement in the frequency of reporting against Business Plans to Committees using the RAG (Red, Amber, Green) system (although there is still room for more consistent improvement across all operational areas).
b) **Implication-** If progress against Business Plans is not consistently reported to Committee there is a risk of identifying issues, in a timely manner, which will affect achievement of Council's objectives and Performance Improvement Plans.
c) **Priority Rating**- 2
d) **Recommendation**- A process of reporting progress against Business Plans to SLT at the halfway mark in the year should formally be put in place. It should be investigated if reports, using RAG rating, can be produced from PIP to facilitate this. Once SLT have reviewed and approved the 6 monthly progress report this should be taken to the relevant Council Committee.
e) **Management Response- Agree.** Performance Team has been involved in this process and indeed welcomes the positive steps made over the past year in terms of content and early publication dates of Annual Business Plans. It has also been welcomed that the Directorates have committed to in-year 6-month updates to Committee on their progress against Business Plan targets. Performance Team would be happy to contribute and assist in any way possible in terms of further development and ongoing review of the Business Planning process. This is an important step in the Performance Improvement Cycle. The Performance Team will discuss with SLT and a way forward will be agreed
f) **Responsible Officer & Implementation Date-** Performance Team September 2021

ISSUE 8 –   Performance Improvement Monitoring
a) **Observation-** Audit notes that the ToRs of the Corporate Policy & Resource Committee and the Audit Committee both include the monitoring and scrutinising of performance improvement.

b)	**Implication-** If progress of the Performance Improvement Plan is scrutinised by both committees there is a risk of duplication of effort.
c)	**Priority Rating**- 3
d)	**Recommendation**- It is recommended that the ToR for the Audit Committee be updated to remove this requirement and that the appropriateness of ongoing responsibilities in relation to Performance Improvement be reviewed as part of an annual review of the ToR of the CP&R Committee.
e)	**Management Response- Agree.** CP&R is the Committee that approves the annual Performance Improvement Plan and the annual Performance Self-Assessment. Therefore, it should be the committee to which all related updates and progress reports are taken. A review of all Committee ToRs is planned, and this issue will be considered at this time.
f)	**Responsible Officer & Implementation Date-** Director of Corporate Services – December 2021

6. Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance
Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance
Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance
Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

7. Appendix II: Summary of Key Controls Reviewed

Risk	Key Controls

There may be an inadequate process in place for identifying areas for performance improvement leading to a lack of transparency, poor decision-making, on performance improvement priorities and poor-quality projects being developed for 2019/20	• Council's has a clearly documented corporate performance management framework in place demonstrating linkage between the Community Plan, Corporate Plan, the Council's Performance Improvement Plan and Directorate Business Plans/Annual Service Plans
	• There is a documented cycle of continuous actions supporting the corporate performance management framework which takes place at all levels of Council
	• Roles and responsibilities in relation to the performance management framework are clearly defined and understood
	• Management and relevant staff are aware of the corporate performance management framework and key dates in the annual cycle
	• Management, relevant staff and elected members (especially Audit Committee and Corporate Policy & Resource Committee members) have received training on performance improvement responsibilities
	• Council uses benchmarking to assist in identifying and updating areas for performance improvement
	• Council collects data on current performance levels (e.g. using a management information system/process) to assist in the identification of the areas that would benefit most from improvement
	• Council has access to relevant verifiable information to ensure strong evidence-based decision making in the design of improvement objectives, activities, targets and outcome measures e.g. needs assessments, statistical analysis, forecasting, evaluation, demand and supply analysis etc.
	• Potential improvement objectives and projects/actions are informed by:
	  ➢ Corporate Plan objectives
	  ➢ Community Plan objectives and Thematic Plans
	  ➢ Annual directorate/ service planning process.
	  ➢ Information on how Council services are performing including customer feedback where available and a Citizen Survey; and
	  ➢ Corporate risks.
	• Corporate Plan & Directorate Business plans are developed in a timely manner in support of the performance improvement plan development
	• Annual review of progress against the Corporate Plan and Community Plan delivery is performed and reported to relevant Committee, published and considered when developing the Annual Performance Improvement Plan
	• Information generated through previous monitoring and review of performance levels (i.e. what has worked well and what has not worked well) and lessons learned are used to inform potential

Risk	Key Controls
Planning, monitoring and management arrangements for improvement objectives and associated actions/projects may not be embedded across Council leading to a lack of effective performance improvement project delivery and Council statutory duties not being fulfilled	changes and updates to performance improvement objectives and activities/projects. • Directorate Business plans clearly illustrate the connections between outcomes, actions and performance indicators/measures of success • Directorate Business plans use baseline performance data/information against which future improvement can be demonstrated and set measurable targets and deadlines. • Checks are carried out on the accuracy and consistency of data used for baselines and monitoring of indicators/targets • Council has access to data to allow it to demonstrate a track record of continuous improvement year on year • Council should continue to monitor any ongoing improvement delivered by prior year short term improvement objectives (i.e. those lasting only one year) as part of its duty to continuously improve. (This may be done through the performance management framework and does not necessarily require publication in the Improvement Plan or the Annual Report.) • Explanations as to why targets were not met (if applicable) and what steps the Council intends to take to address the issue moving forward is included in performance improvement progress reports • Timescales and owners have been identified for performance projects/actions • A clear process has been identified for the monitoring and review of objectives and projects/actions identified to deliver the Performance Improvement Plan • A baseline has been created from which to measure progress against each of the outcomes • Data requirements for measuring the impact of the outcomes and associated actions have been clearly identified and data collection mechanisms established • Responsibilities for data collection have been identified and where possible automated real time data flows are in place • Directorate Business plans are regularly reviewed at both the operational and senior leadership team level and progress is reported to relevant Council Committee • RAG rating (or a similar categorisation) of performance progress is in place • Regular progress reports on Performance Improvement objectives & projects/actions are produced and presented to the relevant Council Committees and the Performance Improvement Officer • Statutory publishing of performance statements occurs in a timely manner