Internal Audit Report

Chief Executive's Unit

Review of Performance Management

March 2010

1   INTRODUCTION

This report has been prepared as a result of the Internal Audit review of Performance Management as part of the 2009/10 Internal Audit programme.

The Audit Committee at their meeting on 18 September 2009 requested that Internal Audit look at the effectiveness of the process and system of the planning and performance management framework (PPMF) including the developing role of the Policy and Performance Groups (PPGs) and report back to the Audit Committee meeting in March 2010.

2   AUDIT SCOPE AND OBJECTIVES

Objectives

The objective of the audit assignment was to review 3 areas of Performance Management for which key objectives were set:

- Pyramid System

  - Is the Pyramid system managed in a controlled manner?
  - Is the structure and content of the Pyramid system appropriate?
  - Is the performance information in Pyramid accurate and kept up to date?

- Performance scorecards

  - Are performance scorecards structured in a satisfactory manner?
  - Is the content of the performance scorecards appropriate?
  - Is the whole of the business covered at an appropriate level by a scorecard?
  - Are scorecards used in an appropriate manner?
  - Are scorecards accurate and up to date?

- Policy and Performance Groups

  - Are PPGs fulfilling their role of monitoring and reviewing performance management?

Scope

The work involved contact and discussion with the officers listed below. The Department involved in this audit and main contacts were:

Chief Executives Unit.
- Head of Improvement and HR;
- Policy and Strategy Manager;
- Performance Manager from Policy and Strategy

Community Services
- Administrative Assistant (PUGnet representative)

Development Services
- Performance and Business Manager (PUGnet representative)

Operational Services

Initial discussions were held with Policy and Strategy's Performance Managers to discuss the scope of the audit and to identify the appropriate documents / staff to review the effectiveness of the process and system of the planning and performance management framework (PPMF). Interviews and desktop exercises were carried out with the appropriate staff / documents and covered the following areas; the Pyramid system, performance scorecards and policy and performance groups (PPGs).

It was decided that the audit would concentrate on the following departments; Community Services, Operational Services and Development Services. A sample of meeting agendae and minutes from departmental management team (DMT) meetings were reviewed to ensure that Performance Management was receiving high level attention throughout the departments mentioned.

Discussions were held with staff involved in the Performance Management process from both Community Services and Development Services. Both staff interviewed were familiar with the Pyramid system and the use of scorecards, they were also both members of the Pyramid user group network (PUGnet).

Discussions with both staff from Community Services and Development Services focused on what arrangements were in place on a departmental level for data collection, input and reporting within Pyramid, the level of scrutiny of information contained within the system and the accuracy and timeliness of the information reported.

A desktop exercise was carried out to review minutes and agendae from the following meetings; The Executive, Operational Services Departmental Management Team (DMT), Development Services 3rd Tier Managers Meeting. All documents were reviewed to determine the extent of discussion around Performance Management.

A desktop exercise was carried out to review the Pyramid system, performance scorecards and service plans to determine the level of consistency between the key performance indicators (KPIs) detailed in scorecards and the success measures/ actions/ outcomes detailed in service plans.

The effectiveness of the Policy and Performance Groups (PPGs) was reviewed in the form of a desktop exercise. Agendae and minutes of meetings were reviewed to determine the extent of discussion within the following PPG

meetings; Organisational Development, Social Affairs, Economy and Environmental. The Council Constitution was examined to determine the terms of reference for each of the four PPGs. This was then reviewed in relation to the work being addressed in each of these meetings from the minutes.

3 MAIN FINDINGS

Pyramid

➢ There is a defined systems administrator with adequate backup/ cover arrangements in place. Different levels of responsibility for access to Pyramid ensure the system is managed in a controlled manner.

➢ As services were brought into Pyramid their implementation went through a structured process. However, in the meantime the Council has developed its planning and performance management, changed the structure of service plans and the information contained within scorecards. In light of this, it may be worthwhile reviewing the content and structure of the performance information / measures held in Pyramid. The Chief Executive has requested that the content be reviewed and only relevant information retained.

➢ No formal controls appear to be in place to ensure accuracy of data. It was reported that some checks have been made to ensure the accuracy of data on a departmental level within Development Services however this is not done on a formal basis consistently across the organisation. The Pyramid team and departmental PUGnet representatives should carry out random checks. The chief Executive has requested Internal Audit do random checks.

➢ PUGnet representatives from each department across the Council check the system regularly to ensure that information is up to date. However, this is not a structured process and although PUGnet representatives are encouraged by the Pyramid team to do this it is carried out at their discretion. PUGnet representatives use the 'alert' tool within Pyramid to bring any issue of relevance to the attention of any nominated person. These alerts can be set up to send an email 'alert' to a nominated person when certain conditions are met as defined by the user. These conditions are: missing data, changes to the traffic light colour and data changes.

➢ Not all performance elements are fully described in Pyramid, a number of pages do not provide information in the 'officer in charge' section, and this reduces the level of accountability within Pyramid.

Performance Scorecards

➢ Performance scorecards follow the principles set out for a balanced scorecard and include measures of people, processes, improvement and finance.

➢ The content of the scorecards is appropriate, the key performance indicators (KPIs) reflect actions, outcomes/ success measures in corporate and service plans. However, scorecards should be kept under regular review as corporate / service plans change with all changes to the scorecards approved by the Executive.

➢ The whole of the business is covered at an appropriate level as there are scorecards for the Council, each department and each service. Team level scorecards are under development at present. Each of the 4 Policy and Performance Groups have scorecards within Pyramid.

➢ Scorecards are considered by The Executive, at regular meetings between the Chief Executive and Directors and departmental management team meetings (DMTs). Development Services provided evidence that scorecards were considered at their 3rd tier management team meetings held on a bi-monthly basis.

➢ No formal controls have been established to ensure the accuracy of data entered into Pyramid. Although it was reported by Development Services that random checks are being made on the accuracy of data, this is not being done throughout the Council on any formal basis. The Chief Executive has requested Internal Audit to undertake random checks.

➢ Data contained in performance scorecards is as up to date as the data contained in Pyramid.

➢ Both good and poor performance is reflected in scorecards. In addition, there is a facility in Pyramid for officers to add comments on performance against any measurable target. Directors are required to provide narrative on the performance information held in their scorecard in a quarterly report to the Executive.

Policy and Performance Groups (PPGs)

➢ Each PPG has a performance scorecard; however varying levels of detail within each card is evident. The Social Affairs scorecard is the most populated and Organisational Development the least.

> ➢ There appears to be a lack of consistency across the 4 groups, some seem to be progressing at a different rate than others.

> ➢ As the PPGs have only recently agreed their scorecards it is difficult to measure the effectiveness of the PPGs in this area.

4 AUDIT OPINION

Based on the findings we can conclude that there are good procedures in place regarding the recording and reporting of performance throughout the Council. There are officers with designated responsibilities regarding the input of data into Pyramid and ensuring that the information is up to date and is reported on a regular basis.

The performance scorecards are being discussed by DMTs and the Executive on a regular basis. Where poor performance is reported explanations have to be provided and corrective action has to be taken.

However Internal Audit found that there did not appear to be formal controls in place to ensure the accuracy of data within Pyramid. One of the departments reviewed carry out random checks on the accuracy of data but this is not always the case throughout the Council. Spot checks will be carried out by Internal Audit in the future.

There was also a lack of consistency between departments in that some performance elements were not fully described. There are instances when the 'officer in charge' element is not included thus reducing the level of accountability within Pyramid.

The desktop review of PPGs also highlighted a lack of consistency regarding the progress in developing scorecards. Some PPGs had more detail in their scorecards than others.

As this review took the form of a desktop exercise the Chief Executive has asked Internal Audit to carry out an in-depth review covering all departments of the Council. The role of the PPGs will also be looked at as part of the full review. This will be included in the 2010/11 Internal Audit annual plan.

This was an initial review carried out over a relatively short period of time. It identified a number of areas of good practice and identified areas where further improvements can be made. In the view that the Council is developing its approach to performance management we have produced an action plan based on our findings from this initial review. It is required that management take account of this report.

Performance management is an important area of Best Value 2 and given this the plan is to carry out more detailed work as part of the 2010/2011 Audit plan.

5   ACKNOWLEDGEMENTS

Thanks are due to staff within Improvement and HR, Community Services and Development Services for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2   ACTION PLAN

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	Some of the data currently held in Pyramid may no longer reflect the Corporate and Service plans.	High	The content of pyramid should be reviewed and amended to reflect the Corporate and Service plans. The Head of Improvement & HR to issue instructions to SMT that this be carried out.	Head of Improvement & HR	30 June 2010
2	The accuracy of data held in Pyramid is not checked on a formal basis and consistently across the Council	High	Each Department should have nominated officers who have responsibility for ensuring that the information held in Pyramid is accurate, up to date and complete. The Head of Improvement & HR to issue instructions to SMT that this be carried out.	Head of Improvement & HR	30 June2010
3	There is a requirement to carry out an in-depth review of Performance Management throughout all departments of the Council.	High	Internal Audit should include a review of Performance Management within the 2010/11 annual audit plan.	Internal Audit Manager	30 September 2010