

# ARGYLL & BUTE COUNCIL

## Internal Audit Section

### INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	CUSTOMER SERVICES
AUDIT DESCRIPTION	RISK BASED AUDIT
AUDIT TITLE	REVIEW OF PERFORMANCE MANAGEMENT – PYRAMID
AUDIT DATE	OCTOBER 2014

2014/2015



## **1. BACKGROUND**

A review of Pyramid Performance across Argyll and Bute Council (the Council) has been planned as part of the 2014/15 Internal Audit programme.

The Council has a Planning and Performance Management Framework (PPMF) which describes how it plans and manages performance. The balanced scorecard represents a concerted attempt to ensure the focus of the organisation remains firmly fixed on its Strategic Objectives.

Pyramid is the Council's Performance Management System, providing up to date information on levels of performance across the broad range of services that we provide. The Improvement and Organisational Development (IOD) team analyse and report on Performance Management as well as providing support for users of the system.

The Council scorecard and departmental scorecards are scrutinised by the Chief Executive, Executive Directors and the Performance Review and Scrutiny (PRS) Committee on a quarterly basis. Service scorecards are monitored by Heads of Service and Executive Directors at their Departmental Management Team (DMT) meetings.

Pyramid is available to all Councillors and members of staff, and to encourage open and transparent reporting there is no restriction on what can be viewed in the system although updating of information is restricted to nominated members of staff.

Increasingly the Council are using Pyramid to report performance to the public and to our partner organisations. Partners, for example the NHS, Police and Fire Services, supply information about their performance so that we can build up a picture for the whole area – for example regarding the Single Outcome Agreement and Community Planning Partnership.

## **2. AUDIT SCOPE AND OBJECTIVES**

The audit will cover the arrangements in place for input of data into the Pyramid system and level of accuracy of statistics and outputs produced from the system. We will assess the following:

- Consistency and accuracy of information held in the system
- Data input to the pyramid system is evidenced.
- PPMF objectives are accurately reflected in Pyramid
- Controls around system access, view and edit
- Reporting and cascading of information from Pyramid
- User guide and user support
- User feedback

Sampling of scorecards was undertaken with each indicator tested and verified for accuracy and supporting evidence.

The officers and service which will be involved in this audit and main contacts will be:

- Jane Fowler – Head of Department;
- Carolyn McAlpine, IOD Manager, and
- David Clements, Programme Manager

## **3. RISKS CONSIDERED**

Strategic Risk Register (SRR)13 - A lack of Strategic Leadership and Direction will have a negative impact on the ability of the Council to set out strategic objectives and then align service delivery and resources to ensure these objectives are achieved.

Ineffective decision making arising from incomplete, inaccurate and untimely performance information

#### 4. AUDIT OPINION

The level of assurance given for this report is Substantial.

Level of Assurance	Reason for the level of Assurance given
<b>High</b>	Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with.
<b>Substantial</b>	Internal Control, Governance and the Management of Risk have displayed a mixture of little residual risk, but other elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
<b>Limited</b>	Internal Control, Governance and the Management of Risk are displaying a general trend of unacceptable residual risk and weaknesses must be addressed within a reasonable timescale, with management allocating appropriate resource to the issues.
<b>Very Limited</b>	Internal Control, Governance and the Management of Risk are displaying key weaknesses and extensive residual risk above an acceptable level which must be addressed urgently, with management allocating appropriate resource to the issues.

This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:-

<p><b>High</b> - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;</p> <p><b>Medium</b> - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;</p> <p><b>Low</b> - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.</p>
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## 5. FINDINGS

The following findings were generated by the audit:

### ACCURACY OF INFORMATION HELD IN THE SYSTEM

Three Scorecards were reviewed to assess the data held within the system:

#### *Integrated Transport Scorecard*

- The information is collated from various systems and reviewed by management prior to input into the Pyramid system, all the indicators reviewed contained accurate data.

#### *Homelessness Scorecard*

- The information is extracted from the ABRITAS Housing Case Management System and input into the Pyramid system, all the indicators reviewed contained accurate data.
- The ABRITAS system is now in use by the 4 partner organisations (ACHA, Fyne Homes, Dunbritton and WHHA) who previously submitted manual data, this allows reports to be run direct from the system which eliminates some of the risk of human error occurring.

#### *Performance Review and Development (PRD) Scorecard*

- The information is extracted from ResourceLink, Human Resources Management System via the COGNOS reporting tool. The report is then manually manipulated due to the report containing data that should have been excluded. This process is labour intensive and leads to additional risk of human error. It was also noted that in two instances services maintain their own records and the pyramid figures are overwritten.

- Pyramid is manually updated from the edited data derived from the COGNOS report. The Pyramid System requires numbers of employees eligible for a PRD and numbers of completed PRDs to be entered. It was noted that the collation process excludes employees on secondment therefore figures are not reflective of PRDs due.
- The process of collating information regarding PRDs is based on Full Time Equivalent (FTE) posts. Therefore, there is misrepresentation of number of PRDs completed.

#### *General*

- Use of rounding can lead to misrepresentation of progress against targets.

### **DATA INPUT INTO THE PYRAMID SYSTEM IS EVIDENCED**

Three Scorecards were tested back to the source information

#### *Integrated Transport Scorecard*

- Evidence was provided, records are well maintained and technology is used effectively to analyse all the data required. Supporting documentation and files confirmed figures entered into the Pyramid system.

#### *Homelessness Scorecard*

- Evidence is contained within the ABRITAS system with relevant data also submitted to the Scottish Government. This information can be seen on the Scottish Government website including information on benchmarking with other local authorities. Supporting documentation and files confirmed figures entered into the Pyramid system.

#### *PRD Scorecard*

- Evidence was provided in the form of a COGNOS report. The figures entered into the Pyramid system are supported by the report; however, there are weaknesses in the methodology.

Elements of all three scorecards reviewed feed up to parts of the Council Scorecard which shows the progress toward Corporate Objectives. The data from these scorecards feeds into higher level score cards. This process was tested and found to be accurate in terms of roll-up of information.

### **PPMF OBJECTIVES ARE ACCURATELY REFLECTED IN PYRAMID**

- Planning and Performance Management Framework (PPMF) is currently under review.
- The current commitment within the PPMF document states “The system includes Council, Department, Service and Area Scorecards to provide the key management information required at all levels in the organisation and to measure achievement of Corporate Plan and CP/SOA deliverables.” It was evidenced that Pyramid reflects PPMF objectives with the exception of the 2013 – 2023 SOA Delivery Plans scorecards which are currently under development and not available.

### **SYSTEM CONTROLS**

- Pyramid is available to all Councillors and members of staff and to encourage open and transparent reporting there is no restriction on what can be viewed in the system.
- Updating of information is restricted to nominated members of staff within each service team.
- Retrospective editing of data within Pyramid is not restricted.

### **REPORTING AND CASCADING OF INFORMATION FROM PYRAMID:**

- It was evidenced that regular review of performance takes place at 360 reviews, SMT, DMTs and Service Management team meetings.
- The Council and Departmental scorecards are also reported publicly through the Performance Review and Scrutiny Committee and on the Council’s website.
- A review of reports to PRS committee, Senior Management Team & DMTs confirmed that the reports are timely and accurate.

## **USER GUIDE AND USER SUPPORT:**

- A review of the Welcome to Pyramid guide shows an overview of what information is held in the system and how to view it. However, there is no evidence as to the availability of an instruction document or comprehensive user guide.
- Assistance for users of Pyramid is available from Improvement and Organisational Development.

## **USER FEEDBACK**

- A survey was taken of 15 Pyramid users, 11 responses were received and the results are summarised in Appendix 3.
- Whilst the majority of the survey returns reflected a level of satisfaction with the system, statements where areas for improvement have been identified are:
  - Information is displayed in a size and format that is easy to read.
  - Icons and Colour scheme used are suitable for my needs.
  - I use customised views to access my data.
  - I use bookmarks to quickly view and update frequently accessed data.

## **6. CONCLUSION**

This audit has provided a substantial level of assurance. There were a number of recommendations for improvement identified as part of the audit and these are set out in Appendix 1 and 2. There were 2 high and 2 medium recommendations set out in Appendix 1 which will be reported to the Audit Committee. There is one low recommendation which is not reported to the Audit Committee. Appendices 1 and 2 set out the action management have agreed to take as a result of the recommendations, the persons responsible for the action and the target date for completion of the action. Progress with implementation of actions will be monitored by Internal Audit and reported to management and the Audit Committee.

Thanks are due to staff and management for their co-operation and assistance during the Audit and the preparation of the report and action plan.



**APPENDIX 1 ACTION PLAN**

<b>Findings</b>	<b>Risk Impact</b>	<b>Rating High/ Medium or Low</b>	<b>Agreed Action</b>	<b>Responsible person agreed implementation date</b>
<b>1. Accuracy</b>				
The COGNOS report providing PRD data is unreliable.	Risk of mis-reporting.	High	The Resourcelink 4 Project ensures the creation of reports to provide reliable data.	Head of Improvement and HR March 2016
<b>2. Accuracy</b>				
It was noted that the collation process excludes employees on secondment therefore figures are not reflective of PRDs due.	Risk of mis-reporting.	High	COGNOS reports are amended to include all employees on secondment	Head of Improvement and HR March 2015
<b>3. Accuracy</b>				
The process of collating information regarding PRDs is based on Full Time Equivalent (FTE) posts.	Risk of mis-reporting.	High	A revised approach to PRD reporting will recommend to SMT that FTE is replaced in the reports with number of PRD meetings required.	Head of Improvement and HR March 2015
<b>4. SOA</b>				
2013 – 2023 SOA Delivery Plans scorecards are currently under development and not yet available.	CP/ SOA achievements are not measured and monitored effectively.	Medium	SOA Delivery Plans are available through Pyramid	Head of Improvement and HR March 2015

**APPENDIX 3 SURVEY RESULTS**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>No basis for comment</b>
1. The Council has a Planning and Performance Management Framework (PPMF)	<b>8</b>	<b>3</b>			
2. Pyramid scorecards are used to monitor and report performance	<b>8</b>	<b>3</b>			
3. Pyramid scorecards exist at several levels and themes that feed into each other	<b>9</b>	<b>2</b>			
4. Information is gathered from our partners to provide combined performance information	<b>5</b>	<b>5</b>			<b>1</b>
5. I have access to and can log-in to Pyramid from my computer	<b>10</b>	<b>1</b>			
6. I receive sufficient training and user support to assist me in the use of Pyramid	<b>7</b>	<b>2</b>	<b>1</b>		<b>1</b>
7. I can easily navigate to required scorecards and underlying data	<b>7</b>	<b>3</b>	<b>1</b>		
8. I use bookmarks to quickly view and update frequently accessed data	<b>6</b>	<b>1</b>	<b>3</b>		<b>1</b>
9. I use customised views to access my data	<b>4</b>	<b>2</b>	<b>4</b>		<b>1</b>
10. Information is displayed in a size and format that is easy to read	<b>5</b>	<b>4</b>	<b>1</b>	<b>1</b>	
11. Information on Pyramid is easy to understand	<b>2</b>	<b>7</b>	<b>1</b>		<b>1</b>
12. Icons and Colour scheme used are suitable for my needs	<b>4</b>	<b>5</b>	<b>1</b>	<b>1</b>	
13. I receive regular management feedback on performance information on Pyramid	<b>6</b>	<b>3</b>	<b>2</b>		
14. Overall I think that the Pyramid Performance Management System is user friendly	<b>3</b>	<b>7</b>	<b>1</b>		

**APPENDIX 4 SCORECARDS REVIEWED**

FQ2 14/15		Corporate target % PRDs - 90 %			
<b>HR2 - PRDs A&amp;B Council</b>		<b>Number of employees</b>	<b>No. PDRs complete</b>	<b>% PDRs complete</b>	<b>R</b> ↓
This section reports the number of employees in each Department and Service at the end of the reporting period who are eligible for a PRD and those who have completed the PRD process within the previous twelve months.		2,357	1,651	70 %	
Chief Executive's % of PRDs completed		36	35	99 %	<b>G</b> ↑
Strategic Finance % of PRDs completed		34	33	99 %	<b>G</b> ↑
Community Services % of PRDs completed		1,693	1,025	61 %	<b>R</b> ↓
Adult Care % of PRDs completed		259	158	61 %	<b>R</b> ↑
Children and Families % of PRDs completed		144	122	85 %	<b>R</b> ↓
Community & Culture % of PRDs completed		131	93	71 %	<b>R</b> ↓
Education % of PRDs completed		1,152	646	56 %	<b>R</b> ↓
Customer Services % of PRDs completed		333	317	95 %	<b>G</b> ↑
Customer & Support Services % of PRDs completed		180	172	95 %	<b>G</b> ↑
Facility Services % of PRDs completed		50	49	98 %	<b>G</b> ↓
Governance & Law % of PRDs completed		30	27	88 %	<b>R</b> ↓
Improvement & HR % of PRDs completed		64	61	95 %	<b>G</b> ↑
Development & Infrastructure Services % of PRDs completed		296	274	93 %	<b>G</b> ↓
Economic Development % of PRDs completed		72	68	94 %	<b>G</b> ↓
Planning & Regulatory Services % of PRDs completed		98	93	95 %	<b>G</b> ↓
Roads & Amenity Services % of PRDs completed		78	67	86 %	<b>R</b> ↓

FS03 We contribute to the sustainability of the local area		Links to Council Outcome CO13	
Average age of light vehicle fleet	Actual	3.6	
	Target	5.0	
	Benchmark	4.7	
Mileage incurred by pool cars - All areas	Actual	45,350 miles	
	Target	44,824 miles	
	Benchmark		
No of drivers who have completed a Fuel Efficient driving test	Actual	78	
	Target	75	
	Benchmark		
FS04 School & public transport meets the needs of communities		Links to Council Outcome CO12	
Average subsidy per bus passenger - A&B	Actual	£ 1.82	
	Target	£ 1.99	
	Benchmark	£ 2.00	
No of bus shelters cleaned twice a year	Actual	80	
	Target	50	
	Benchmark	50	
No of new bus shelters during financial year	Actual	3	
	Target	3	
	Benchmark	3	
No of school bus inspections during financial year	Actual	18	
	Target	18	
	Benchmark	18	

### Integrated Transport Team Scorecard 2014-15

FQ2 14/15

TEAM RESOURCES			
<i>People</i>			
PRDs Integrated Transport Team	Target	Percentage of PRDs complete	
		90 %	100 %
	Number of eligible employees FTE	Number of PRDs complete FTE	
	8	8	
<i>Financial</i>			
Revenue Finance	Budget	YTD actual / Forecast	
Year to date	£ 4,508,565	£ 4,070,023	
Year end	£ 9,666,985	£ 9,126,686	

% Extra Curricular Activity Requests Met	Actual	99.6 %	
	Target	95.0 %	
	Benchmark		
Pupil transport - No of bad behaviour reports	Actual	3	
	Target	18	
	Benchmark		

CC04 Less people will become homeless ... thru proactive approach ...		Links to Council Outcome CO6	<b>A</b> →
% of clients leaving the Housing Support Service with a planned approach	Actual	80	<b>G</b> ↓
	Target	80	
	Benchmark	70	
% of RSL lets allocated to homeless households	Actual	47 %	<b>R</b> ↑
	Target	50 %	
	Benchmark	51 %	
CC5 Number of people accessing housing advice and Information	Actual	1,005	<b>G</b> →
	Target	660	
	Benchmark	600	
Number of households housed through Common Housing Register in Argyll & Bute <b>No target</b>	Actual	234	↑
	Target		
	Benchmark		
Proportion of homeless households assessed in priority need in Argyll & Bute	Actual		
	Target		
	Benchmark		

### Housing Services Team Scorecard 2014-15

FQ2 14/15

TEAM RESOURCES			
<i>People</i>			
PRDs Housing Services  <b>R</b> ↓	Target	Percentage of PRDs complete	
	90 %	51 %	
	Number of eligible employees FTE	Number of PRDs complete FTE	
	30	15	
<i>Financial</i>			
Revenue Finance	Budget	YTD actual / Forecast	
Year to date	£ 2,330,378	£ 2,629,266	
Year end	£ 3,777,567	£ 3,777,567 <b>G</b>	

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