



Chorley
Council

Working in **Synergy** on shared services

FINAL INTERNAL AUDIT REPORT (06/19-20)

Review of Performance Management Information

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1	REASONS FOR AUDIT / SCOPE
1.1	<p>The Council is committed to delivering a high quality and value for money service for its residents. The achievement of this is measured and reported through its performance management framework. Therefore it is essential that the data which is presented has been verified and is accurately presented to enable informed decision making. This review was originally included in the 2018/19 Internal Audit Plan, however, due to the significant issues identified, further testing was undertaken in order to verify the accuracy of the original findings.</p>
1.2	<p>A sample of 9 performance measures were reviewed in 2018/19 (quarter 2) and a further 12 were reviewed in 2019/20; samples were drawn from those Performance Measures reported in quarter 4 2018/19 and quarter 1 2019/20.</p> <p>The following controls were tested to confirm that:-</p> <ul style="list-style-type: none"> • Clear definitions and procedures in place and roles are clearly assigned; • Calculations are accurate, clearly defined; signed off by an appropriate officer and accurately reported; • Procedures comply with the Council's Data Quality Policy; and • There is a sufficient and retained audit trail and an effective data collection system.

2	ASSURANCE RATING
2.1	<p>The review is undertaken in order to form an opinion in regard to the control environment operating within those process / services audited and the extent to which those controls can be relied upon.</p> <p>Testing undertaken on a sample of 21 performance measures has identified significant issues inherent across the Council, in that:</p> <ul style="list-style-type: none"> • 10 out of 21 reviewed are inaccurately reported due to issues with data collection and calculation processes; • 5 out of 21 reviewed could not be confirmed as accurately reported due to the source data not being retained; • Although performance measure definitions are in place for each indicator, 20 are either incomplete or lacking in sufficient detail. <p>This failure of controls has resulted in the opinion of the control environment in respect of Performance Management being classified as providing Limited assurance.</p> <p>Control Rating Key Limited - the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist Adequate - the Authority can place only partial reliance on the controls. Some control issues need to be resolved. Substantial - the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist. Full – the Authority can place complete reliance on the controls. No control weaknesses exist.</p>

3	KEY FINDINGS
3.1	<p>Testing identified that whilst a standard Performance Measure Definition template (Definition) has been completed for every indicator; of the sample of 21 tested, 20 were found to be either incomplete or lacked sufficient detail to clearly detail what is being measured and how it is being calculated.</p>

3.2	<p>Robust data collection systems should be in place to ensure reliable, timely and accurate data is made available. However, of the 21 performance indicators tested it was identified that in 18 cases the data collection process, were found to be ineffective, this was due to one or more of the following reasons:-</p> <ul style="list-style-type: none"> • Non-compliance with the measure Definition; • Failure to capture data completely; • Calculation errors; • Transcription error; • Lack of a robust verification process to check performance results are accurately reported prior to publication; • Lack of audit trail to support stated results; • Insufficient data owner oversight. <p>Testing also identified that in regard to Senior Officer sign off, whilst performance management information is shared there is no evidence to support that officers have ensured :-</p> <ul style="list-style-type: none"> • there are adequate controls to ensure the accuracy of performance information generated by the service; and • there are controls to ensure that all transactions are processed accurately, completely and on a timely basis, <p>in accordance with the Data Quality Policy.</p> <p>It was further identified that 10 of the indicators tested had been misreported and for a further 5 reported indicators the calculation could not be re-performed due to the absence of a robust audit trail, therefore Internal Audit were unable to verify if the performance indicators had been accurately reported</p>
3.3	<p>Information for one of the indicators reviewed is provided by a third party, at the time of the review, whilst the indicator was being reported, there was no evidence available for Internal Audit to review to confirm / verify that controls were operating effectively in respect of data quality processes and procedures. This is due to the responsible officer being absent, however, this identified the risk of reliance on 1 person carrying out the performance management process. The Assistant Director of Projects and Development is reviewing the situation.</p>
3.4	<p>The review included an assessment of compliance with the data quality policy, Internal Audit reviewed the principles contained in the policy, as is evident from the findings, there is a lack of compliance with some of the principles contained within the Council's Data Quality. This lack of compliance includes the requirement to undertake an annual review of all policies and procedures concerning data quality as the Data Quality Policy has not been reviewed since April 2014. The failure to review means that the Performance Measure Definition template (introduced June 2018) and guidance is not incorporated into the document. This may have contributed to a lack of understanding regarding the completion of the performance measure definitions. Policy, Performance and Partnerships have drafted a new Data Quality Policy which is due to be presented to Leadership Team for consideration and approval.</p>

4. MANAGEMENT ACTION PLAN

NO.	CONTROL ISSUES / RISK	PROPOSED MANAGEMENT ACTIONS	AGREED ACTIONS	OFFICER & DATE
1	Performance Measure Definitions are either partially completed or lack sufficient detail. This could result in the data collectors failing to understand reporting requirements, the misstatement of performance, reputational issues and lead to service damage.	<p>Data Owners/Leadership Team members to ensure Performance Measure Definitions contain sufficient information, to ensure that data collectors understand:</p> <ul style="list-style-type: none"> • what data should be captured and included/excluded in the performance measure calculation; • the source of data; • how it should be calculated. 	<p>Agreed as per revised Data Quality Policy. Also, the Performance Measure Definition has been replaced by the Performance Indicator Definitions & Procedure Template and incorporates Director and Data Owner sign-off.</p> <p>A new procedure has been established whereby the Strategic, Corporate & Partnership Officer Performance reviews and challenges completed Performance Indicator Definitions & Procedures prior to being uploaded to Inphase.</p> <p>In phase training is to be provided and will incorporate the importance of clear definitions and application of the Data Quality Policy.</p>	<p>Leadership Team</p> <p>Jan 2020</p> <p>Jan 2020 and on-going</p> <p>Jan – Mar 2020</p>
2	Performance measure data is not supported by robust data collection, calculation and recording processes, which has led to inaccurate reporting. This could result in reputational issues and service damage.	Data Owners to check that performance data collected and calculated provides the expected information (as documented in the Performance Measure Definition).	Agreed	<p>Leadership Team</p> <p>Jan 2020 and ongoing (quarterly basis prior to reporting)</p>

3		Data Owners to check that all expected performance data is captured and included in the performance measure calculation (as documented in the Performance Measure Definition).	Agreed	Leadership Team Jan 2020 and ongoing (quarterly basis prior to reporting)
4		Data Owners must ensure that effective data collection processes are in place thereby providing timely and complete data prior to calculating and reporting the performance measure. Reports used to calculate the performance data must be checked for any anomalies/gaps that may impact upon the results.	Agreed	Leadership Team Jan 2020 and ongoing (quarterly basis prior to reporting)
5		Data Owners must ensure that processes are in place to enable the retention of sufficient information (audit trail) to support the reported data.	Agreed	Leadership Team Jan 2020
6		Data Owners must sign off all performance reported, confirming that the reported results are accurate. Periodic spot checks must be carried out to gain assurance that the data collection, calculation and reporting process is working as intended.	Agreed	Leadership Team Mar 2020 and ongoing (quarterly basis prior to reporting)
7	There is a lack of effective verification checks carried out prior to publishing performance results. This has led to misreporting performance and could result in poor decision-making, reputational issues and service damage.	The Policy, Performance and Partnerships Manager must introduce a performance management verification process. Performance reports must be checked by an independent officer prior to submission to the Leadership Team.	Agreed – as per revised Data Quality Policy (section 5.4).	Policy, Performance and Partnerships Manager Mar 2020 and ongoing (quarterly basis prior to reporting)

8		Policy, Performance and Partnerships Manager must ensure that misstated performance information is updated within In Phase in a timely manner and noted in the next available performance report.	Agreed	Policy, Performance and Partnerships Manager Jan 2020 and ongoing
9	There is a lack of guidance regarding the completion of the Performance Management Definition Template; this has not been incorporated into the Data Quality Policy. This could result in a lack of understanding of the Council's expectations relating to the completion of key documentation and lead to poorly written or incomplete definitions.	<p>The Policy, Performance and Partnerships Manager must update the Data Quality Policy, to include:</p> <ul style="list-style-type: none"> • The purpose of the Performance Measure Definition and providing guidance regarding the expected level of detail to be recorded. • The Performance Measure Definition must be checked and approved by the Data Owner for completeness, clarity and accuracy. • Upon receipt of the Performance Measure Definition the Strategic, Corporate & Partnership Officer Performance undertakes a sense check prior to accepting and uploading the Definitions to InPhase. 	<p>Agreed as per revised Data Quality Policy. The policy will be reviewed annually (or sooner if required). Also, the Performance Measure Definition has been replaced by the Performance Indicator Definitions & Procedure Template and incorporates Director and Data Owner sign-off.</p> <p>A new procedure has been established whereby the Strategic, Corporate & Partnership Officer Performance reviews and challenges completed Performance Indicator Definitions & Procedures prior to being uploaded to Inphase.</p> <p>In phase training is to be provided and will incorporate the importance of clear definitions and application of the Data Quality Policy.</p>	<p>Policy, Performance and Partnerships Manager</p> <p>Jan 2020 and ongoing annual review</p> <p>Jan 2020 and ongoing (at least annually)</p> <p>Jan - March 2020 and as required</p>

A lack of timely implementation of the agreed actions may be reported to the Governance Committee.

All internal audit work is conducted in compliance with the Public Sector Internal Audit Standards, issued by the Chartered Institute of Public Finance and Accountancy and the Chartered Institute of Internal Auditors.