

REPORT TO: Audit and Governance Committee

MEETING DATE: 20 January 2015

BY: Depute Chief Executive – Resources and People Services

SUBJECT: Internal Audit Report – Performance Indicators 2013/14

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Performance Indicators 2013/14.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

3 BACKGROUND

- 3.1 As part of the Audit Plan for 2014/15, we reviewed the systems in place for the preparation and reporting of performance information. Our review has focused on the Local Government Benchmarking Framework (LGBF) indicators.
- 3.2 The main objective of the review was to ensure that adequate arrangements were in place for the preparation and reporting of performance information and that the information provided by the Council was accurate and complete.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
6.2 Personnel - None
6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 None

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EAST LOTHIAN COUNCIL – INTERNAL AUDIT PERFORMANCE INDICATORS 2013/14

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2014/15, a review was undertaken of the systems in place for the preparation and reporting of performance information. In particular, our review has focused on the Local Government Benchmarking Framework (LGBF) indicators for 2013/14.

1.2 Key Findings

- 1.2.1 The Accounts Commission Statutory Performance Indicator Direction for 2012 reinforces public performance reporting and Councils' requirement to take responsibility for the performance information they report. The 2012 Direction requires Councils to use a wide range of service performance and corporate management information and to report on the SOLACE benchmarking indicators (referred to as the Local Government Benchmarking Framework). We note that work on benchmarking is undertaken by the Improvement Service on behalf of SOLACE.
- 1.2.2 The Council is required to report on the 55 LGBF indicators for 2013/14 and we note that the LGBF indicators include many of the previous statutory performance indicators. The 2013/14 LGBF indicators are expected to be published at the end of January 2015.
- 1.2.3 We note that the LGBF indicators are based on seven service groupings which cover the major services provided by the Council. The data covered represents about 60% of total local government expenditure.
- 1.2.4 We reviewed the arrangements in place for the provision of performance information. We found that the cost data used to calculate the indicators is based on the Local Financial Return (LFR) prepared by the Council, while other data sources used for the indicators include the Scottish Household Survey and the Social Care Survey.
- 1.2.5 We note that while the LFR submissions are based on the Council's audited accounts, the returns require costs to be classified under certain specific headings. For example, the Council's overall Environmental Services costs require to be split between Environmental Health, Trading Standards, Waste Collection, Waste Disposal and other Waste Management.
- 1.2.6 We reviewed the performance information in respect of the gross cost of waste collection submitted on LFR 06 (Environmental Services). We found that the cost split between waste collection and waste disposal had been incorrectly apportioned in the initial LFR submission. This resulted in the costs for waste collection being understated and waste disposal overstated. We are informed that the figures provided by the Council subsequently had to be resubmitted to include a revised split of costs between waste collection and waste disposal.

- 1.2.7 For this indicator, the information provided by the department in respect of the number of premises from which refuse was collected was also found to be inconsistent with the definition. We are informed that the Improvement Service asked for this data late in the process when they realised that it was not available from another source – as such it was not identified in the Council’s Performance Data Quality Policy as requiring verification.
- 1.2.8 From analytical review work undertaken of the performance indicators produced for 2012/13 and 2013/14 we also found significant variances in the information submitted for some of the indicators. For example for ‘home care costs per hour for people aged 65 or over’, the reported figure for 2012/13 was £9.70 per hour while for 2013/14 the figure is reported as £13.01 per hour.
- 1.2.9 For this indicator we note that the reported figure for 2012/13 was incorrect and that the figure for 2013/14 may not accurately reflect the actual costs the Council is currently incurring. The service area is aware of this anomaly and is in the process of reviewing the accuracy of the information provided. We are concerned that figures used for reporting and benchmarking purposes as part of the LGBF National Benchmarking Overview Report may not accurately reflect the Council’s actual performance.
- 1.2.10 Our review of verification checks highlighted that at present guidance issued to staff responsible for performance information does not require checks to be carried out on some LGBF indicators on the basis that indicators derived from another framework would already be subject to appropriate verification. We note however from our review that the existing arrangements in place require review.

1.3 Summary

Our review has highlighted weaknesses in the existing arrangements for the preparation of information used in the calculation of LGBF performance indicators.

We note that although the indicators are published by the Improvement Service, responsibility for ensuring the accuracy of the reported performance information lies with the Council.

1.4 Recommendation

Management should review its current processes to ensure that appropriate mechanisms are in place to verify the accuracy and completeness of the information which is used by the Improvement Service for performance indicator purposes.

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
1.4	Management should review its current processes to ensure that appropriate mechanisms are in place to verify the accuracy and completeness of the information which is used by the Improvement Service for performance indicator purposes.	Medium	Service Manager – Corporate Policy & Improvement / Service Manager – Business Finance	Agreed		Ongoing

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.