East Lothian Council

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 January 2016

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Performance Indicators 2014/15

1   PURPOSE

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

2   RECOMMENDATION

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

3   BACKGROUND

3.1   A review of the Council's 2014/15 Performance Indicators was undertaken as part of the audit plan. Performance Indicators are reviewed on an annual basis by Internal Audit.

3.2   The main objective of the audit was to ensure that the internal controls in place were operating effectively.

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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DATE	7 January 2016

EAST LOTHIAN COUNCIL – INTERNAL AUDIT
PERFORMANCE INDICATORS 2014/15

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2015/16, a review was undertaken of the systems and processes in place for the preparation and reporting of performance information for 2014/15.

1.2 Areas where Expected Controls were Met

- Detailed guidance is in place to assist officers responsible for the preparation and reporting of performance information.
- In some service areas, arrangements are in place for the external validation of performance information **–** for the housing performance indicators relating to rents due and rent arrears, annual validation is undertaken by the Scottish Housing Best Value Network.

1.3 Areas with Scope for Improvement

- In some cases, service areas had failed to comply with the Council's Performance Data Quality Policy. *Risk – an inconsistent approach may be adopted.*
- There was a lack of adequate documentation to support the performance information prepared and submitted – for one indicator reviewed, we were unable to verify the accuracy of the information submitted by the service area. *Risk – lack of a clear audit trail.*
- In some cases the verification checklist was inaccurate or incomplete. For one indicator, the verifier had signed off the checklist, although the information submitted was inaccurate, while for another indicator there had been a failure to submit a verification checklist. *Risk – errors and omissions may occur and remain undetected.*
- For one indicator reviewed, there was a failure to comply with the definition provided in the guidance resulting in the reported figure being inaccurate. *Risk – performance information may be inaccurate.*

1.4 Summary

Our review of performance indicators has identified some areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

Mala Garden
Internal Audit Manager   **January 2016**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.3.1	Management should ensure that officers responsible for the preparation and submission of performance information adhere to the Council's Performance Data Quality Policy. Management should ensure that adequate documentation is held to support the performance information figures submitted.	Medium	Policy Officer	Agreed – Heads of Service to sign off indicators for their areas.		April 2016
3.5.1	Management should consider extending the external validation service provided by the Scottish Housing Best Value Network to all housing indicators.	Medium	Service Development and Support Manager	Agreed		June 2016

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.