

REPORT TO: Audit and Governance Committee

MEETING DATE: 14 March 2017

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Performance Indicators 2015/16

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Performance Indicators 2015/16.

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 2016/17 a review was undertaken of the systems and processes in place for the preparation and reporting of performance information for 2015/16.
- 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 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Mala Garden
DESIGNATION	Internal Audit Manager
CONTACT INFO	01620 827326
DATE	2 March 2017

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
PERFORMANCE INDICATORS 2015/16**

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2016/17 a review was undertaken of the systems and processes in place for the preparation and reporting of performance information for 2015/16.

1.2 Areas where Expected Controls were Met

- Detailed guidance is in place to assist officers with responsibility for the preparation and reporting of performance information.

1.3 Areas with Scope for Improvement

- The current approach adopted for calculating the net cost of parks and open spaces requires review – at present internal recharge adjustments are made based on historical, estimated or provisional sums. *Risk – reported figures may be understated.*
- For the average length of time taken to complete non-emergency repairs, a number of areas were identified requiring review including the adjustments being made for ‘non contact’ days and the reliance being placed by the Council on an external contractor to provide information for one repairs category (gas) for inclusion in the performance indicator – we note that this information is not currently recorded on the Orchard system. *Risk – reported performance information may be inaccurate.*
- For the net cost of waste collection per premise, areas identified for further review include the allocation of income between waste collection and waste disposal on the Local Financial Return (LFR) prepared by Business Finance and the number of premises used in the calculation by the service area. *Risk – reported figures may be inaccurate.*
- For the net cost per attendance of sport and leisure facilities, there was a failure to retain documentation to support the number of attendances used in the calculation of the performance indicator. *Risk – lack of a clear audit trail.*
- For the cost of trading standards per 1,000 of population, the calculation requires review – for 2015/16 there was a lack of clarity in the LFR guidance on the treatment of third party payments, resulting in the reported figures being significantly lower than previous years. *Risk – reported figures may be understated.*

1.4 Summary

Our review of Performance Indicators for 2015/16 has identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

**Mala Garden
Internal Audit Manager**

March 2017

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
PERFORMANCE INDICATORS 2015/16**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.1	Management should review the internal recharge adjustments currently being made in the calculation of the net cost of parks and open spaces.	Medium	Service Manager – Business Finance	Agreed – to be reviewed in conjunction with the service area.		September 2017
3.3.1	Management should ensure that the income received by waste services is properly allocated between waste collection and waste disposal. Management should ensure that the number of premises used in the calculation of the net cost of waste collection per premise is consistent with the performance indicator definition.	Medium	Service Manager – Business Finance Service Manager – Waste	Agreed – to be reviewed in conjunction with the service area. Agreed		September 2017 March 2017
3.4.1	Management should review the treatment of third party payments in the calculation of the cost of trading standards per 1,000 population.	Low	Service Manager – Business Finance	Agreed		September 2017

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.5.1	Management should review the current arrangements in place for the calculation of the average length of time taken to complete non-emergency repairs.	Medium	Service Development and Support Manager	Agreed		July 2017
3.6.1	Management should ensure that a clear audit trail exists to support the attendance figures used in the calculation of the performance indicator for the net cost per attendance of sport and leisure facilities.	Medium	Service Manager – Sport, Countryside and Leisure	Agreed		April 2017

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.