MIDLOTHIAN RISK AND AUDIT SERVICES

INTERNAL AUDIT REPORT

Subject: **Performance Indicators**

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EXECUTIVE SUMMARY

Objective of the Audit

The objective of the audit was to review the process and controls to allow the collection and accurate reporting of performance indicators (PIs) which are reported quarterly through services to measure their performance.

Remit and Scope

The audit was aimed at providing assurance that the data contained in Covalent (performance management system) is accurate and updated.

On this occasion the following areas were included in the scope of the review:

- Housing & Community Safety – range of indicators in Housing and Environmental Health.
- Education; and
- A sample of high operational risks.

The audit focused on Q3 2011/12 but Q4 and Q1 12/13 were referred to in some cases (risk management).

The specific PIs reviewed can be seen at Appendix A. While the audit focused on the above, the opportunity was taken to make a few general points regarding PIs.

Excluded from Scope

The following areas were excluded from this review:

- Other PIs not noted above;
- Statutory Performance Indicators (SPIs) as these were the subject of an audit review in Quarter 2, 2011/12; and
- Quarterly trends and analysis.

Background

In its 2008 Directive, the Accounts Commission made a significant change to its approach by offering flexibility for Councils to develop a broad set of comprehensive information for the public, through their own public performance reports, alongside a shorter set of prescribed comparable indicators (SPIs).

The Local Government in Scotland Act 2003 brought new risk management responsibilities to Councils to assess risk at all levels and mitigate it in so far as it doesn't impact heavily on corporate aims and objectives. The Act places a statutory duty of Best Value on Councils and encourages Local Authorities to:

- balance quality of service against cost;
- achieve sustainable development;
- be accountable and transparent;
- ensure equal opportunities; and
- seek continuous improvement of service delivery.

PIs are important in the day-to-day management and improvement of services. They provide the basis upon which to monitor performance and make decisions about operational arrangements. Midlothian Council's corporate priorities are all defined to ensure the environmental, social and economic sustainability of Midlothian. The corporate strategy is delivered through the Council's service plans and they use PIs to measure their performance. PIs are based on the Best Value criteria, policy objectives and performance management regimes. The Corporate Improvement Section (CIS) collates all 10 service plans containing all types of PIs before presenting these to the Corporate Management Team (CMT). Public Performance Reporting (PPR) ensures these figures are reported to the public to demonstrate how good the Council is at delivering its services.

PIs and High Operational Risk Registers are monitored and reported quarterly. They are reported to Cabinet and the role of the Council's Performance Review and Scrutiny Committee's (PRS) includes scrutinising performance indicators as well as headline risk management performance indicators across the organisation and as such the Committee is involved in a range of scrutiny activity with

regard to Best Value. They are responsible for reviewing performance against policy objectives and commenting on decisions and policies, along with their impact. However, it should be mentioned that while PIs are reviewed monthly by officials not all PIs are reported quarterly to the PRS and Cabinet.

Audit Conclusion

During our audit (of PIs and High Risks), we identified strengths and weaknesses which are further explained in the Management Action Plan. The main strengths were:-

- unlike SPIs, PIs are not mandatory but management has developed a range of key PIs to help monitor performance;
- Heads of Service have developed routines to create meaningful PIs including a review of the performance of their services every quarter, after service managers collect and calculate PIs and Performance Officers involvement;
- slow and poor performance is challenged by the Chief Executive;
- Performance reports are scrutinised by Cabinet and the Performance Review and Scrutiny Committee;
- the Best Value report published in June 2012 acknowledged that Council services were improving, and that there was good awareness of where further improvements are required. A crucial comment was that Midlothian Council is improving the way it monitors and reports performance and is creating a stronger performance culture;
- there is a risk management assessment and reporting system automatically linked to quarterly performance reporting; and
- the Education PIs examined by Internal Audit were found to be accurate.

Aspects for improvement found in some of the PIs and High Risks included:-

- absence of brief, central guidance. This would assist services in compiling, controlling and managing the wide range of PIs reported quarterly and encourage consistency (the brief guidance is the checklist in the appendix);
- a lack of brief, written local procedures in services to link the central guidance to actual PIs;
- in support of the bullet points immediately above, working papers and other sources are not always available to be examined, where this would be appropriate;
- PI figures are not always double-checked and we found some inaccuracies;
- systems can be slow to produce accurate data;
- no transparent verification or signing process; and
- risk registers are not always robust in predicting the future for particular risk exposures.

In summary, during the audit we have found that the weaknesses outweigh the strengths. There are areas for improvement and on this occasion we have used the grid below in rating our opinion as **Amber.** The aspects for improvement are detailed in the attached Management Action Plan and are directly mitigated by the recommendations.

Full Assurance	**BLUE** 	There is a sound system of internal control designed to achieve the system objectives and the controls are being consistently applied. Risk is managed to a high standard.
Reduced Assurance	**GREEN** 	Whilst there is basically a sound system of internal control there are some areas where it is viewed improvements can be made and risk controlled further.
Limited Assurance	**AMBER** 	There are weaknesses in the system of internal control which should be addressed within a reasonable timescale. Improvements are required in the way risks are managed.
No Assurance	**RED** 	There are significant weaknesses in the system of internal control which must be addressed as a matter of urgency. Unnecessary risks are being carried and the Council remains exposed.

Corporate Guidance

- Audit Scotland Directives have guidance on unspecified performance indicators which explains the importance of performance indicators in Local Authorities demonstrating Best Value. The Corporate Improvement Section (CIS) supplies performance officers with the Audit Scotland Directive and also provides them with support when required.

- Performance officers are in place within services and coordinate performance reporting but generally rely on service managers to calculate and check PIs. Performance officers are trained on Covalent which is the system used to report on PIs. Collating and updating data varies across services. There are various PIs reported and services will use different systems to capture and record the data which is entered into Covalent.

- There is no central guidance or procedures on how to conduct, control and manage (including transparency) Midlothian Council PIs to ensure the right process is being followed. This adds to the risk of services not double-checking the accuracy of PIs (see later) and inconsistency across services. **A checklist is attached to this report (see Appendix B) which should now be adopted in the preparation and reporting of PIs**.

- During our testing we found that in housing services measures are benchmarked against peer groups through the Scottish Housing Best Value network and Education PIs against the Scottish National statistics for schools. It is acknowledged that some indicators are local to Midlothian and cannot be benchmarked. If there is little benchmarking, the Council does not know if the PI is performing well if it cannot be compared with the performance of other bodies. However, CIS has submitted a "Benchmark Improvement Plan" report to CMT to ensure managers are constantly searching for better practice in other organisations. CMT was asked to note the update on benchmarking and agree on the improvement plan for 2012-2013.

- Because CIS is not the service management, it cannot be expected to challenge PI figures in-depth but carries out certain reasonableness and consistency checks. Discussion should now centre on the corporate checklist in the bullet point above, which is advocated by Internal Audit.

Recommendations

Below are detailed recommendations for Corporate Improvement Section:

Finding/ Rec. No.	Recommendations	Priority	Manager	Target Date
1	The Corporate Improvement Section should endorse the attached checklist and issue it to services for continuous use.	High	Corporate Improvement Manager	31/8/12
2	When the Corporate Improvement Section has meetings with Performance Officers and Services, the checklist should be an agenda item.	High	Corporate Improvement Manager	Immediate and ongoing

Services processing PIs

- Internal Audit testing did not identify any errors in five Education PIs chosen in the sample to review and we tested these are they were reported in Quarter 4, 2011/12. However, there are more PIs generated and reported in Housing and Community Safety compared to Education.

- The following findings were common to all services not just the Education and Housing and Community Safety services and directly relate to the two recommendations above.

- There are some weaknesses in the process of conducting PIs. In services, generally only the compiler is checking figures, which increases the risk of error. PIs are entered into Covalent

and are reviewed before being passed to CIS. However, throughout the process not all services check PIs nor re-perform calculations to confirm the figures. Some services will do spot checks to identify any errors but there is no robust process of accurately checking the PI figures. The product of this is the potential for inaccuracies in the PIs; some errors marginal while others may be more significant.

- There is no consistent verification or signing process, instead emails are sent. When performance officers produce reports for their Heads of Service, no supporting evidence is required.

- In Education, the performance officer will review PIs on a monthly basis to check for anything unusual. At the end of each quarter, data is reviewed from SEEMis; and the reported figures are confirmed verbally.

- In Housing & Community Safety, Heads of Service hold monthly meeting and managers are required to discuss performance, including poor performance. Minutes are recorded at these meetings and managers are accountable for their own PIs. In addition, the monthly PI report is reviewed by DMT which are scrutinised.

- Despite these processes, inaccurate PIs were identified. Internal audit believes there should be transparent verification and signing process to ensure the figures reported are accurate and the processes have been followed which has been highlighted in Appendix B.

- Management produce their own service plans and CIS provides advice and guidance on producing performance indicators as part of the planning process. In the Food Service Plan 2011/12 for example, we found marginal errors identified in the totalling figure of food sampled. The impact of these figures is immaterial but the service plan is agreed with Elected Members therefore it is important that information and figures are accurately challenged by service management. Again, we are highlighting the potential for more significant errors.

- A PI title error was identified (see below under Housing and Community Safety). The PI relating to Trading Standards was reported by Housing and Community Safety under Food Hygiene.

- In most areas, only one performance officer is skilled in each division and there is a lack of written local procedures to follow. It is acknowledged that resources are finite but within the available resources, there is no clear structure and guidelines to explain how the specific PI should be calculated and what formulas can be used on excel. There is no set rule how many performance officers each service has but if a member of staff leaves employment with Midlothian Council, or takes sickness absence, this may cause problems. Local procedures are in progress in Housing but these will need to be developed in other services.

- During audit testing, Internal Audit requested to see working papers to verify and examine the figures reported in Quarter 3, 2011/12. However these were not always available. There was no evidence stored for historic figures reported. Management re-performed the calculations by re-running reports to gather the data. This highlights a weak audit trail because working papers are not kept, nor are figures double-checked; errors are not identified and are therefore repeated.

- To analyse data, officers retrieve information from the systems on to spreadsheets but will manually calculate figures instead of using excel formulas. This caused minor calculation errors which could have been avoided. For example, small variations were identified in Housing and Community Safety PIs due to manual calculation (see below under Housing and Community Safety).

- An issue was identified on the need to review systems. “Uniform” is the main system used to collect data in Housing and Community Safety and “SEEMIS” is used to collect data in Education. Community Safety management reported data is recorded manually and entered into a system called “EMS” but they are planning to move onto “Uniform” as a significant amount of manual checks are done on “EMS” and “Uniform” provides a better reporting

functionality (Latest Note: the Head of Housing and Community Safety reports that the Uniform system is implemented now for Community Safety ASB module).

- Management from various services indicated sometimes it can be difficult to get the data, or it can be time-consuming. Collecting PI data may require more manual workings or reports from other sources. Sometimes while data on the systems is getting updated, to meet deadlines, a provisional figure is reported.

Our key finding from an overall review of the PI collection process, and from a look at the calculations and management of risk, is that a significant amount of work is carried out in services to produce these PIs but that Heads of Service should have increased confidence in the process, PI definitions, internal checks etc.

All these findings can be adequately covered by recommendations 1 and 2 and adoption of the checklist at Appendix B.

Processing PIs in Housing and Community Safety

This section deals exclusively with PIs where issues were identified

- HCS.LPI.04 – The percentage of referrals responded to within 3 days:

  It was indicated in Covalent that this was a food hygiene indicator. However, after questioning the reported figures, management indicated this PI does not relate to Food Hygiene nor indeed any Environmental Health indicator. It actually relates to Trading Standards. There was a "title" error but the quality performance officer was unable to amend it in the year 2011/12. It is now being amended. This error is highly material because Housing and Community Safety have been reporting figures which are not linked to food hygiene.

- % of Food and Safety service requests dealt with on-time per quarter (non cumulative)

  This PI does not get reported quarterly. However, prior to the identification of the title error in HCS.LPI.04, Internal Audit testing identified errors where officers were keying in inappropriate codes for work relating to service requests. This resulted in some service requests appearing to be dealt with out of time. Although this PI is not reported quarterly, it does raise some training concerns in relation to data not being verified or passing through a robust checking process. Management indicated any errors identified will be picked up and mentioned in the monthly reviews.

- HCS.LPI.03 - The percentage of food samples taken in accordance with the annual food sampling plan:

  It should be noted that the Council complies with the Food Standards Agency (FSA) Framework agreement and Code of Practice. Raw inspection and sampling data is provided to the FSA on an annual basis and used by them to calculate performance data for Midlothian Council. This provides an independent oversight of the activity of the food service.

  The food service plan is produced every year by Environmental Health, proposing how the service will carry out the food enforcement duties and includes what they will inspect and sample. The service plan at this stage indicates the anticipated commitment to sampling. The sampling plan covers both activity organised by the authority itself and participation which is expected to be sought by external organisations e.g. the Food Standards Agency or the Scottish Food Enforcement Liaison Committee. In the opinion of Internal Audit, the information reported is not meeting the definition of the PI. The manager reports on what they plan to sample in the quarter and records the percentage of actual samples taken in quarter.

  In the performance report they are benchmarked against the annual food sampling plan. But the manager is not measuring the PI against the sampling total agreed in the annual service plan. Management indicated this occurs at Quarter 4 / year end. Consequently, Environmental

Health can not always follow the annual food sampling plan as variation in the needs of the service occurs and in reacting to emerging public health concerns.

Therefore, high variations occurred in the PI relating to the food sampling plan as the reported figures for Quarter 1, 2 and 3 are not accurate. This has a big impact as the PI is reporting 100% completed on that quarter's element of the annual food sampling plan. Internal Audit considers that if the sampling achieved was measured against the complete annual service plan the correct figure in Quarter 3, 2011/12 should have been approximately 56%.

In reviewing the current Environmental Health formulae, management believes the accurate figure that should have been reported is 93.4% for Quarter 3, 2011/12.

The figures reported are considered by the Internal Audit to be highly material. This reinforces the previous comment about challenge and checking.

- HCS.LPI.08 The percentage of food establishments subject to official food control by inspection during the year, inspected within the prescribed time period 18-24 months:

  The FSA requires local authorities to inspect premises within 28 days of the next inspection date which is the basis used for this PI. At the time of Internal Audit testing (March 2012), there was no clear clarification of what data to include when measuring this PI. Some premises were closed and had been counted. In addition, some premises had not met target or had no access and it was not clear whether this should be included or excluded from the data.

  The figure reported for Quarter 3, 2011/12 was 83.4%; however both Environmental Health and Internal Audit testing worked out the reported figure should have been approximately 90%. Therefore, the annual target of 90% has been achieved but in the performance report it has been reported as off target. Although these are small errors, the PI is showing a poorer performance.

  The Environmental Health Manager indicated that the guidelines and procedures for this indicator will be refreshed to rectify any problems regarding when to count and discount closed premises thereby increasing the accuracy of reporting. It has now been confirmed that there is a criteria used in this PI which is based on the requirements of the indicator when it had been an SPI.

- HCS.1112.S-05.1 - Continuation of Contaminated Land Programme; % of land assessments required which have been completed:

  The reported PI figure, is in Internal Audit's opinion not meeting the current definition because the figures reported are not indicating the percentage of land assessments that have been completed. Midlothian Council Contaminated Land Strategy was approved in November 2007 and agreed by Elected Members. The Council is obliged to follow this strategy.

  The aim is to complete the process in accordance with the timetable in Section 5 by the end of 2012. Every quarter this PI is recorded as 100% indicating they are working towards completion of the strategy. However, Internal Audit considers this is mis-leading as it indicates the strategy has been completed fully. Progress has been made by the reporting date and the strategy delivery remains on target. The process involved in identifying contaminated land has been established. Therefore, the aim is to complete desk top studies and any required intrusive investigations by the end of this year 2012. The strategy commenced with approximately 1900 potential uses and 1305 sites were identified. At 1.4.2012 there remained 275 desk study assessments to be completed which are expected to be finished by 2012.

  There is the likelihood of not completing all intrusive investigation on all sites identified as requiring such an investigation. This has recently been identified due to the probability of human health concerns on one specific site which may require a statutory declaration of contaminated land. If such a declaration becomes necessary, resources may need to be diverted to resolve that issue first. Any decisions to substantially deviate from the strategy will seek Cabinet approval.

Inspirational changes occur which means the strategy can not always be followed. Internal Audit proposes that the PI should therefore measure percentage of work done to actual work expected. This will clearly show the number of assessments that are completed and are still outstanding.

- HCS.1112.S-06.1a - % of referrals for disabled adaptations grants to assist disabled applicants completed:

  The indicator target Environmental health operate is to complete the process and issue grant approval paperwork within 28 days (legislative requirement). The aim of this PI is to measure the time period between full grant applications being received by Environmental Heath and the application approval thereby allowing the work to commence. 17 applications were received in Quarter 3, 2011/12, however 1 of these, which was delayed at the request of applicant, was completed after 28 days; this 1 application had been discounted from the calculations. 100% was quite rightly reported (taking into account the applicant's request) but the issue is with the definition not clearly stating the PI has to be completed within 28 days. However, manager indicated depending on resources the target date can vary so it is not appropriate to have the target date reflected in the title.

- HCS.1112.S-07.1 - Maximise income from property by reducing void property time. Average time from return of property to re-let (standard properties):

  This indicator is used to measure the number of days the houses that have not been let out (excluding new builds). The indicator is calculated using "adding up un-let properties per day/number of properties re-let". Duplications were deleted and new builds were excluded from the data. However, the performance officer was arriving at the figure of 44 days (5225/120) but 46 days was reported. This is a small error, due to the system. There was one property that was re-let twice in the same quarter which is very rare to happen. However, the system did not segregate the two dates, hence did not pick up the house was un-let, re-let then un-let again.

Management are currently dealing with the issues raised.

Again, the key findings here could be adequately covered by the two recommendations and Appendix A.

Risk Management

- Risks are managed on Covalent and are expected to be updated quarterly. Various service and project managers are responsible for elements of the risk register with the Heads of Service having the ultimate responsibility. When a risk is identified, the manager should complete an original risk assessment (a starting point score which shouldn't change e.g. 18 = high risk).

- Each quarter, there should be an assessment of the current risk; the residual risk after all mitigating internal controls are taken into account. This assessment should be dated in covalent and reviewed quarterly to establish if there is no change or the target risk score has been achieved.

- Then there should be a target risk assessment (what level of risk, management is willing to accept), which again should be reviewed every quarter. The target should have a date when the risk exposure is likely to reach low risk scoring. Guidelines and procedures are available on the intranet to assist managers completing risk assessments. The Risk and Audit Manager also assists managers with internal controls and updating quarterly notes.

- Our review found that high risks were being reviewed each quarter but in some cases the essentials in the previous three bullet points were not being achieved.

- On a positive note, we found the essentials were being achieved in the operational risk registers for Adult and Community Care, Children and Families, Finance and Human Resources and Commercial Operations. There was other robust risk management within

Customer Services (except for the comments below) and the Corporate Risk Register was maintained to a high standard, although it had not achieved its target of being presented to CMT every second month (NB; it has been established that a quarterly routine is more appropriate, to coincide with quarterly reporting).

- On a less positive note, the following improvements were found to be required:-

  (a) Customer Services – original and target risk scores and dates required for risk CSE01-20; target risk required for CSE01-22 and CSE.04-04;

  (b) Communities and Support Services – original and target risks requiring attention in CSU01-22 and 23;

  (c) Schools ICT – target risk required for ED02-09. Also there is no date when the original risk score was registered. The same is required for ED02-12.

  (d) Education – the Education service risk register does not contain any high risks but includes a few medium scored risks which have not been satisfactorily updated.

  (d) Housing and Community Safety – original and target risk scores etc required for HCS 01-10

  (e) Planning and Development – target risk score required for PD01-12 and only two mitigating internal controls appears light.

  (f) Property and Facilities Management – PFM01-10: there is a target risk date when low risk will be achieved of 31/3/11 yet the current risk is scored as high.

- There was also the general comment that occasionally the internal controls listed against high risks appear inadequate in terms of driving the risk exposure down. There was found to be a lack of depth in some cases.

- Heads of Service and their managers have been notified of these issues, fresh guidance has been developed and recommendation 3 should assist in rectifying the weaknesses.

- Below are detailed recommendations for Risk Management:

Finding/ Rec. No.	**Recommendations**	**Priority**	**Manager**	**Target Date**
3	Risk and Audit Manager to check quarterly, that all high risks are being reported properly and consistently.	High	Risk & Audit Manager	Accepted and ongoing
4	Services with high risks ensure latest notes inserted against each risk are meaningful and project the current risk exposure and the future for each in terms of risk appetite.	Medium	10 Heads of Service	31/10/12
5	Greater transparency should be displayed in the connections between original, current and target risk scores	Medium	10 Heads of Service	31/10/12
6	In support of recommendations 3-5, stronger internal controls and extra actions should be developed in each high risk exposure.	Medium	10 Heads of Service	31/10/12

APPENDIX A
Range of PIs tested on this occasion

Housing & Community Safety (KA in process of reviewing).

PI Reviewed	Result	Internal Control issue
HCS.1112.S-01.1a - "Provide Housing for Special Needs. % of council new builds allocated to amenity housing"	Inaccurate (marginal error). Not specifically highlighted in report; under processing comments on page 4	Potential for more significant error if PI not checked. Management Comment: This PI is no longer reported.
HCS.1112.S-01.1b - "Provide for Housing Special Needs. % of council new builds allocated to extra Care Housing Provision.	Accurate	PI could have benefitted from working papers being available. Management Comment: This PI is no longer reported.
HCS.1112.S-02.1a - "Improve access to homelessness advice and assistance. % of people presenting at the POINT going through a homeless assessment".	Accurate.	Management Comment: This has changed. Further comments to follow.
HCS.1112.S-03.1a - "Effectively meets the challenge of homeless presentation within resources. % of people presenting as homeless going on to temporary accommodation"	Inaccurate (marginal error). Ditto with item 1	Potential for more significant error if PI not checked
HCS.1112.S-05.1a - "Continuation of contaminated Land Programme. % of land assessments required which have been completed"	Inaccurate	As detailed in PI report – not accurate/not measuring PI to what the title states.
HCS.1112.S-06.1a - "Protect and improve the health of people living in Midlothian. % of referrals for disabled persons adaptations grants to assist disable applicants completed"	Accurate	Correct figure reported but issue with PI title definition. Management have set a target to complete grant approval paper work within a set time (28 days). This should be reflected in the PI title and performance judged against this
HCS.1112.S-07.1 – "Maximise income from property by reducing void property time. Average time from return of property to re-let (standard properties)"	Inaccurate	Very rare occurrence but potential for future error
SES.G07 - "Work to prevent homelessness through delivery of an education programme. Increase uptake in the number of Housing and advice sessions delivered – 12 advice sessions across schools and youth advice agencies by August 11"	Accurate.	-
HCS.LPI.03 - "The percentage of food samples taken in accordance with the annual food sampling plan"	Inaccurate	See page 6 of report. Issues with SPI definition
HCS.LPI.04 - "The percentage of	Inaccurate	As discussed in the report, PI does not

PI Reviewed	Result	Internal Control issue
referrals responded to within 3 days"		relate to Food Hygiene.
HCS.LP1.05 - "The % of food premises deemed "Broadly Compliant" with the food hygiene legislation	Accurate	-
HCS.LPI.06 - "The percentage of food establishments subject to official food control by inspection during the year inspected within the prescribed time period – 6 months"	Accurate	-
HCS.LPI.07 - "The percentage of food establishments subject to official food control by inspection during the year inspected within the prescribed time period – 12 months"	Accurate	-
HCS.LPI.08 - "The percentage of food establishments subject to official food control by inspection during the year inspected within the prescribed time period – 18/24months	Inaccurate	Issues with interpretation of PI definition
HCS.LPI.09 – "The average number of working days to respond to non domestic complaints (including enquiries).	Q3 figure – accurate. Q1 & Q2 – inaccurate	Error in Q1/2 not spotted and rectified
MC.1112.C-3b.1a:- % of acceptable behaviour contract breached	Q3 – Accurate. 7 breaches & 20 live ABC's = 35%. (This was confirmed by email. Advised - a police (antisocial behaviour) officer is based in the team. Spreadsheet is used to log ASBO breach information but not shared as it contains details of police charges which they can't usually share).	-
MC.1112.C-3b.2a:- % of antisocial behaviour orders breached	Q3 – Accurate. Reported that there were 4 breach incidents. One person breached their ASBO twice so 3 people were charged with breach of ASBO in Q3 11/12. 28 ASBO's were live at the quarter end. (3/28 = 10.72%).	-

PI Reviewed	Result	Internal Control issue
	Reported they had 25 live ASBO's at the start of the quarter. During the quarter 1 ASBO expired and 4 new ASBO's were granted giving them the quarter end figure of 28. (This was confirmed by email. Advised - a police (antisocial behaviour) officer is based in the team. Spreadsheet is used to log ASBO breach information but not shared as it contains details of police charges which they can't usually share).	
MC.1112.C-3b.2:- "work with communities to reduce anti-social behaviour and offending and promote po"	Manager mentioned this is not a PI but rather a priority. Basically it's an action set and the team's judgement on how they are performing. PIs might be low however team may feel performance will improve and priority will be achieved.	-

Education PIs

PI Reviewed	Result	Internal Control Issue
ED.LPI.01 - Total Number of secondary school exclusions for the quarter	Accurate.	There were no working papers retained for Q3. Data is normally lifted direct from the SEEMIS computer system. Internal Audit was able to access SEEMIS and successfully check the Q4 11/12 figures.
ED.LPI.02 - Total Number of primary school exclusions for the quarter	Accurate.	Ditto
ED.LPI.03 - Average secondary school attendance for the quarter.	Accurate.	Ditto
ED.LPI.04. - Average primary school attendance for the quarter.	Accurate	Ditto
Ed.LPI.05 - Average special school/provision attendance for the quarter	Accurate	Ditto

Appendix B

DIVISIONAL SERVICE PIs

CHECKLIST TO ENSURE TRANSPARENCY, ACCURACY AND GOVERNANCE

RECOMMENDED BY INTERNAL AUDIT

Essential Task	**What does Internal Audit mean by this?**
1. Head of Service responsible for PIs must ensure that all aspects of PI production are compliant with the other essentials below.	Head of Service should develop a consistent approach to the production of PIs. They must map out their processing expectations for PIs that services must work to. These would normally be the essential tasks below in 2-8.
2. For each PI, there should be a simple and brief procedure note on how the PI is calculated	This will invite consistency and act as a guide in cases of absence cover. Internal Audit acknowledges that services have several PIs to manage and very detailed procedure notes would be far too time-consuming. Therefore, procedures may only be a few paragraphs, at the very least being able to guide a new member of staff being asked to cover for the usual person calculating the PIs.
3. Each PI, within the procedure in item 2, must have a clear title, definition and desired outcome and a link to the Service Plan	This will aid certainty and consistency. Internal Audit understands that several PIs are 'lifted' straight from service plans, which is expected. The point made here is that the title, definition and desired outcome must all relate to each other.
4. There must be one person calculating the PI and another one checking the figure(s)	This would reduce the risk of error in calculation. Internal Audit acknowledges that services may have limited resources to be able to have a calculator, a checker and then a third tier manager authorising the PIs. Services will need to work out the optimum solution regarding internal check. It may be that sample checks are sufficient/appropriate, or the third tier manager acts as the checker.
5. A third tier manager, if not one of the officers mentioned in 4 above, must authorise the PI	This is the stage before the Head of Service adoption and review of the PIs The third tier manager must be satisfied that controls 2-4 and 6-7 are working properly. This may be carried out through sample checks. There is also the point that the Head of Service could be the person who authorises the PI and the third tier manager is the checker.
6. There should be working papers maintained to demonstrate an audit trail and signatures in 4, 5 and 7	It is important that PIs can be substantiated The working papers can of course be electronic or manual and kept to a minimum, as long as the papers show how the PIs were calculated.
7. When updating high risks, officers should refer to the risk management guidance on the intranet (Finance > FAQ > Risk Management)	This will aid consistency and proper control of risks Internal Audit expectations are that:- • Risks are indeed high risk and are not in reality medium or low risks. There has to be clear evidence to substantiate a high risk score; • The description box below the risk in covalent indicates why the Manager thinks this is high risk; • There is an original risk score and date which do not change going f/wd; • There is a current risk score and date updated every

	quarter; • There is a target risk score and a date when the risk is expected to become low risk and the agreed risk appetite/tolerance level is achieved; • There is a quarterly note giving the latest news on the risk in 'Notes & History'. This should include a projection into the future; • Internal Controls listed are 'switched on', are adequate in terms of depth and are working; and • Extra actions are created to augment internal controls, if required. These are dated future and actively monitored for achievement.
8. The Head of Service should adopt the PI results, after first confirming compliance with this checklist	This should aid consistency and accuracy. Internal Audit is not advocating unnecessary paperwork other than the HOS having confidence that the steps 2-7 have been complied with. It is up to each HOS to establish the appropriate level of control to satisfy their needs