

# Internal Audit report – Performance and Risk Management

**Audit Committee**

**Date: 28<sup>th</sup> November 2017**

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Author: Head of Internal Audit  
Wards: None  
Locality Affected: None  
Parishes Affected: None

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## **1. Purpose and Reasons**

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating effectively.
- 1.2 Audit Committee's terms of reference set out that '*Audit Committee should provide to those charged with governance, independent assurance on the adequacy of the risk management framework....*' Internal Audit has completed a review of the Council's performance and risk management framework that provides assurance to Audit Committee regarding the suitability of these arrangements.

## **2. Recommendations**

- 2.1 It is recommended that the contents of the report be noted.

## **3. Detail**

### Background

- 3.1 As part of the Council's annual business planning process, all departments are required to set departmental objectives in line with corporate objectives, and to nominate a suite of performance indicators to be produced and reviewed locally to measure progress against these objectives and outcomes.
  - 3.2 Guidance has been provided to departments to help develop the most appropriate set of indicators to measure performance that has the most impact on achievement of corporate objectives. For several years, ongoing performance management arrangements at a directorate or service level have been at the discretion of relevant senior management teams. However, the business planning process for 2017/18 required Heads of Service to put together scorecards containing key performance measures for their service areas. These are presented and discussed at both departmental management teams and monthly at Corporate Management Team meetings.
  - 3.3 Risk management is implicitly linked to performance management, including helping an organisation develop awareness and an understanding of emerging issues. As a result, Internal Audit has reviewed Risk and Performance Management together as one audit.
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Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk).

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### Key findings

- 3.4 There have been a number of areas of development and improvement in Performance and Risk processes over the last 12 – 18 months. The Council has published its Council Plan and there is now much greater clarity in its priorities and objectives. Each priority has a set of measures by which successful delivery is appraised.
- 3.5 The Corporate Planning Lead has supported service areas to develop business plans and performance measures to support achievement of corporate priorities.
- 3.6 Corporate Management Team (CMT) now regularly receive an integrated Performance and Risk report and there is an increased focus on performance and risk. There is also emerging evidence of performance and risk information starting to be used to influence decision making and contribute to corporate governance and oversight.
- 3.7 A corporate risk register is in place, which is reviewed regularly by the Council's Corporate Management Team. Processes to produce risk registers at a Head of Service level have also been developed and these are updated quarterly. The Corporate Planning Lead uses these updated risk registers, performance information from service areas and the Data Intelligence Team and meetings with Heads of Service to produce the monthly performance and risk scorecards for the Corporate Management Team.
- 3.8 An update of the Corporate Risk register is presented at least annually to Audit Committee and has recently started being presented at Leader's Advisory Group.
- 3.9 An externally facing Swindon Borough Council Performance Dashboard has been implemented, providing data and information to the public, Members and staff, to communicate progress against the Council's Vision, Priorities and Pledges.
- 3.10 Over the past year there have been some good examples of directorates integrating performance and risk reporting (Children and Adults) and also producing scorecards of management information to help manage service delivery and improve efficiency and effectiveness (Streetsmart services).
- 3.11 A performance framework document has been produced, which includes how performance management should integrate with risk in the Council, but it is not easy to locate, for managers to refer to.
- 3.12 Programme and project performance and risk management arrangements for the Council's change programmes are being developed by the Head of Transformation. Outside of the change programmes, performance arrangements for programmes and projects are determined at the discretion of individual management teams.

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- 3.13 However, there are number of areas where there are still opportunities to develop processes and increase the Council's maturity in relation to performance and risk.
- The regular integrated review of performance and risk at CMT and LAG level is a relatively new practice and is still developing.
  - Below Corporate Management team there has been inconsistent culture and practice in relation to using performance and risk information. In some areas, there has been a very positive culture and routine reporting of performance measures against targets and management information at management meetings, along with discussion and amendment of risk registers. In other areas, performance measures and risk registers have not been reported at directorate management meetings.
  - However, performance culture appears to be improving, as evidenced by the ongoing development of performance and risk scorecards for each of the Council's directorates. Heads of Service and Corporate Management Team will now need to champion performance and risk management at a directorate and service level, to ensure required processes embed in the organisation and the benefit of performance and risk management is delivered.
  - There are no standards or guidance to determine how performance and risk management should be applied to the Council's partnerships and issues have been identified in relation to a lack of transparent reporting, or lack of KPIs to govern these.
- 3.14 The report was finalised earlier this month and is attached as Appendix 1. The Corporate Planning Lead will be at Audit Committee to answer any questions that Members may have.

## **4. Alternative Options**

- 4.1 Not Applicable

## **5. Implications, Diversity Impact Assessment and Risk Management**

### Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report however the detailed audit report addresses the suitability of internal controls within the systems examined

### Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Director of

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Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 None

Links to One Swindon, Strategic Objectives, Plans and Policies

5.4 Effective systems of internal control within the Council will help to ensure that the Council's corporate objectives and those set out in One Swindon are achieved.

Diversity Impact Assessment

5.5 Not Applicable

Risk Management

5.6 Not applicable

## **6. Consultees**

6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

6.2 Officers detailed in Appendix 1 were consulted on the Internal Audit report.

## **7. Background Papers**

7.1 None

## **8. Appendices**

8.1 Appendix 1 – Internal Audit report: *Performance Framework and Risk Management*