



St. Helens Council

# Internal Audit Report 2015/16

## Merseyside Recycling & Waste Authority Performance Management Framework

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**24<sup>th</sup> June 2016**



## St. Helens Council

### **Merseyside Recycling & Waste Authority (MRWA)**

#### **Performance Management Framework**

##### **1.1 Introduction**

An audit review of Performance Management Framework was undertaken as part of the 2015/16 Internal Audit Plan. The purpose of the Audit was to provide an assessment of the adequacy of the control environment established, to ensure that objectives are achieved and risks are adequately managed.

##### **1.2 Scope**

The review considered the arrangements in place for:-

- ❖ The Corporate (three year plan) and Service Development Plan (annual plan);
- ❖ Aims and objectives associated with the Plans;
- ❖ Quarterly monitoring of aims and objectives at Executive Management Team (EMT);
- ❖ New reporting procedures to Members on the Authority's performance during the year.

##### **1.3 Background**

###### **Context**

Merseyside Recycling and Waste Authority is required to conduct its business in accordance with the law and approved standards to ensure public money is safeguarded and properly accounted for. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Authority has changed the emphasis on what performance management information should be monitored and have linked the Corporate Plan and Service Delivery Plans aims and objectives to the Performance Management Framework. To ensure compliance with the plans, each aim / objective has been allocated to an officer who is required to complete a progress report on a quarterly basis and report to the EMT. The intention is to be able to identify and resolve potential issues early.

## 1.4 Audit Opinion

Internal Audit contribute to the overall governance of the Council by providing an opinion on how effectively risks are being managed and the adequacy and effectiveness of internal control in relation to the areas under review.

Our opinion is based on the work performed as described in the above scope, which was agreed with management prior to the commencement of the review.

Our overall opinion, following this review is as follows:

**Substantial Assurance**      The majority of expected controls are in place but there is some inconsistency in their application. Whilst there is basically a sound system of controls, there may be weaknesses in the design and/or operation of these and recommendations have been made to enhance the control environment further.

## 1.5 Key Issues

There are no key issues arising from this review.

## 1.6 Agreed Action

Actions to address the recommendations made in this report are included in the attached Action Plan, which has been agreed with the relevant Managers.

## Control Objectives 2

### **Merseyside Recycling & Waste Authority**

#### **Performance Management Framework**

To gain assurance that the following control objectives are being achieved within an appropriate framework of control:

1. An effective Performance Management Framework is in place.
2. Performance is monitored and reported on a timely and complete basis.

## Findings &amp; Conclusions 3

**Findings****3.1 Control Objective: An effective Performance Management Framework is in place.**

We established that six out of seven expected controls under review were in place and working effectively.

However, weakness in the design or operation of one control was identified, and a recommendation has been made to enhance the control environment in this area, as detailed below:

**3.1.1 Aim / Objective Progress Report** On completion of the quarterly progress report, a percentage figure is included to inform EMT of progress to date. If an aim / objective is falling behind the agreed action date, then the officer will insert reason(s) and remedial action required.

The review has identified a number of officers are not providing a percentage figure for the current position on percentage completed.

This field has been included within the progress report to enable the EMT to be able to track the progress of the aims and objectives of the Authority and where necessary to take action to rectify under achievement.

**Recommendation** *Completion percentages should be included in the quarterly progress reports.*

**3.2 Control Objective: Performance is monitored and reported on a timely and complete basis.**

We established that six out of seven expected controls under review were in place and working effectively.

However, weakness in the design or operation of one control was identified, and a recommendation has been made to enhance the control environment in this area, as detailed below:

**3.2.1 Budgetary information** On every progress report, to assist management, the responsible officer will provide budgetary information with a narrative if anticipated final spend is to be over / under the budget.

The review has highlighted that in a number of cases reviewed, the field on the form for recording budgetary information had not been completed and therefore, management were not able to effectively monitor performance against budget.

By not providing management with budgetary information, it means potential overspends may not be identified until after the event.

**Recommendation** *Responsible officers should complete the budgetary information section of the progress reports.*

## Conclusions

Internal Audit contribute to the overall governance of the Council by providing an opinion on how effectively risks are being managed and the adequacy and effectiveness of internal control in relations to the areas under review. Our opinion is based on the findings of the work performed as described above.

Our overall opinion, following this review is as follows:

### High Assurance

All expected controls are in place and being applied consistently and effectively and there is a sound system of control designed to ensure the achievement of the service or system's business objectives.

### Substantial Assurance



The majority of expected controls are in place but there is some inconsistency in their application. Whilst there is basically a sound system of controls, there may be weaknesses in the design and/or operation of these and recommendations have been made to enhance the control environment further.

### Limited Assurance

A number of expected controls do not exist or are not applied consistently or effectively. There are weaknesses in the design or operation of controls that could impact upon achievement of the service or system's business objectives and these may have resulted in the emergence of key issues.

### Minimal Assurance

A significant number of expected controls are not in place or there are significant weaknesses in the control system that may put the service or system's business objectives at risk. A number of recommendations have been made and / or key issues identified.

Actions to address the recommendations made during this review are included in the Action Plan attached at Section 4 of this Report.

**Merseyside Recycling & Waste Authority  
Performance Management Framework**

**Action Plan 4**

REC NO.	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION AND PROPOSED DATE OF IMPLEMENTATION	ACTUAL DATE OF IMPLEMENTATION
1	Completion percentages should be included in the quarterly progress reports.	Assistant Director of Performance & Governance	September 2016	
2	Responsible officers should complete the budgetary information section of the progress report.	Assistant Director of Performance & Governance	September 2016	