

Causeway Coast & Glens Borough Council

Corporate and Business Planning

February 2023

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Executive Summary

Internal Audit Opinion / Assurance Rating

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2022/23. This report summarises the findings arising from a review of Corporate and Business Planning. The table below summarises the key areas of potential risk which were considered and reviewed:

Risks Reviewed	Number of Recommendations and Priority Rating		
	1	2	3
There may be inadequate arrangements in place in relation to performance management leading to poor linkages between the key Performance documents within Council and an unclear strategic direction for the Council	-	2	1
At a service level there may be inadequate planning, leading to poor performance, which increases the risk of the Council failing to achieve its strategic objectives	-	1	2
Corporate and service level business plans may not be reviewed on a regular basis, leading to outstanding actions not being identified, followed up and progressed on a timely basis, and corporate objectives not being met	-	1	-
There may be insufficient controls in identifying and addressing poor performance leading to organisational underperformance and reputational risk to the Council	-	1	-
Total Recommendations made	-	5	3

In addition to the recommendations, we have made to mitigate the risks reviewed. Appendix A includes Points for the Attention of Management. These are not formal recommendations, as they are observations on how to further improve Performance Management overall and not related to a specific control.

Based on our audit testing we are able to provide the following overall level of assurance:

LIMITED

There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to system objectives not being achieved.

The weaknesses identified during our audit have been brought to the attention of Management. The weaknesses outlined are those which have come to our attention during the normal audit work and are not necessarily all the weaknesses, which may exist.

The content of this report has been discussed with officers and management to confirm factual accuracy. The assistance and cooperation received during our review is gratefully acknowledged.

1 Objectives

To ensure that:

- There are adequate arrangements in place to ensure a joined-up approach to performance management.
- Performance at a corporate level is effectively planned, monitored, and reported.

2 Background

Strategic planning is an important process in setting the overall strategic direction of the Council and giving direction to other areas such as organisational development, financial management and human resources management. The Council has a Corporate Strategy covering the period 2021-2025. This Corporate Strategy is a high-level statement of the Council's commitment to the Borough over the four-year period of the plan. This Strategy, sets out the 5 strategic priorities of the Council;

- Cohesive Leadership
- Local Economy
- Improvement and Innovation
- Healthy and Engaged Communities
- Climate Change and Our Environment

Business plans drive operations at service level and should be closely aligned with the strategic priorities to be achieved. Business plans are developed on an annual basis, at the Directorate and Service level, whilst the Corporate Strategy focuses on direction over a number of years. Business plans require approval by the relevant Director before being finalised.

Community Planning is one of the new responsibilities of Causeway Coast and Glens Borough Council and its statutory partners, representing the whole range of public services available across the area including health, education, public safety, housing, our communities, the environment, and the economy. The first Community Plan for Council 'A Better Future Together – A Community Plan for Causeway Coast and Glens 2017-30' was officially launched in June 2017. The chair of the Community Planning Strategic Partnership has stated "this comprehensive framework reflects the primary issues of individuals and communities across the area. It is our priority now to proceed with developing and delivering the actions identified

in the plan and help realise our ambitions to provide a high quality of life and well-being to all who live, work, do business in and visit Causeway Coast and Glens”.

Performance Improvement is also a requirement for Councils. Councils are required under the Act to gather information to assess improvements in their services and issue a report annually on their performance against indicators which they have either set themselves or have been set by Central Government Departments. In addition to the Corporate Strategy, the Council has therefore developed an annual Corporate Improvement Plan to meet the requirements for Performance Improvement under the Act. The Corporate Improvement Plan sets out what Council will do in the year to deliver on its statutory duty to secure continuous improvement; to achieve improvement against at least one of the seven specified aspects of improvement; and arrangements to ensure that any statutory performance standards are met.

The Council has created an online portal for recording targets and monitoring their progress (PERFORM). The Council’s online monitoring portal (PERFORM) incorporates the Performance Improvement targets, the APSE indicators and their monitoring and eventually annual Business Plan targets.

3 Risks

In previous Internal Audits it had been recommended that the Council adopt a more joined up approach to Performance Management. Corporate and Business Planning and Performance Improvement (including APSE oversight) were managed in different sections of Council. An additional recommendation was made to finalise a document summarising the **complete** Performance Management Cycle (covering Corporate, Business Planning, Performance Improvement Planning and APSE). Previous Internal Audits also noted a lack of annual review and reporting of progress against the Corporate Strategy. While previous Internal Audits (2017-18 Corporate & Business Planning and 2019-20 Performance Improvement) had found some weakness in the Business Plan process, a subsequent audit in May 2022 (Performance Improvement) noted some improvements in the timeliness of Business Plan preparation and in-year monitoring and reporting of progress. Work was still required to improve the Business Plan content (especially developing SMART indicators, and linkage to the Performance Improvement process).

The scope of this audit considers these previous findings and is designed to concentrate on the main risk areas of:

- General arrangements for performance management and Corporate Strategy preparation
- Monitoring of the Corporate Strategy progress

- Business Plan preparation
- Monitoring Business Plan performance
- Reporting performance

This audit will not focus on auditing progress against the Council’s performance improvement plan as this has been subject to separate internal audit exercises in recent years.

4 Audit Approach

We conducted our internal audit work in accordance with the Public Sector Internal Audit Standards (“PSIAS”). We planned and performed our work to obtain assurance over the operating effectiveness of arrangements in place to address the agreed risks. However, you should not rely on our work to identify all instances of fraud or error which may exist. The responsibility for these matters rest with management of the organisation.

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records

The table below shows the staff consulted with and Internal Audit would like to thank them for their assistance and co-operation.

Job Title
Head of Policy and Community Planning
Performance Improvement Officer

5 Audit Findings

5.1 Risk 1 – There may be inadequate arrangements in place in relation to performance management leading to poor linkages between the key Performance documents within Council and an unclear strategic direction for the Council.

Issue 1 – Performance Management Framework

a) Observation - There is a documented policy in place relating to Performance Improvement and this is specific to the Performance Improvement Plan (PIP). It refers to the fact that PIP is part of a strategic hierarchy of key plans and strategies including the Community Plan, the Corporate Strategy, and the Business Plans. This document includes an annual schedule of performance improvement milestones and outlines the timing of key steps while cross referencing the business planning process. A template and some documented guidance on Business Plan preparation was developed a number of years ago. There is no document which outlines the timing of key steps in relation to managing the Corporate Strategy (especially monitoring and reporting against the Corporate Strategy).

There is no single document which incorporates all elements of performance management across Council.

The Head of Policy and Community Planning oversees the Corporate Strategy development, management of the Community Plan and the development of the Business Plan template and guidelines. The Head of Performance oversees the management of the Performance Improvement Plan (PIP) and other performance management related activities such as the use of APSE indicators and the development of PERFORM, a bespoke IT system developed by Council for recording and monitoring performance targets set within the PIP and annual Business Plans. Following an Internal Audit of Performance Improvement in May 2022 Audit had recommended that a more joined-up approach to Performance Improvement should be implemented. Discussions with staff and review of documentation available during this current Audit revealed no progress has been made in this regard.

b) Implication - Combining the fact that elements of performance management are managed in different sections of Council, with the absence of a documented summary of the complete performance management cycle, increases the risk poor linkages between the key Performance documents within Council and an unclear strategic direction for the Council.

c) Priority Rating - 2

<p>d) Recommendation - Performance management activities are intrinsically linked, and every effort should be made to ensure resources from both Council’s Performance section and Policy and Community Planning section work in unison to promote the linkages of all elements of Performance Management across Council (Corporate Strategy, Business Plans, PIP, APSE). A document should be jointly developed by the Policy and Community Planning and Performance sections of Council providing a single framework which includes the timing of, and responsibilities for ALL key steps in managing performance across Council. This should be shared with management.</p>
<p>e) Management Response -</p> <p>Agree with recommendation</p>
<p>f) Responsible Officer & Implementation Date -</p> <p>Joint Head of Policy & Community Planning & Performance Officer – December 2023</p>

<p>Issue 2 – Corporate Strategy Development</p>
<p>a) Observation- We were advised that no public consultation took place during the development of the (current) Corporate Strategy 2021-25, and no citizen survey information was available at the time the Strategy was developed.</p>
<p>b) Implication - The absence of citizen opinion and feedback when drafting the Corporate Strategy may create an increased risk that the Corporate Strategy does not fully reflect the expectations of the citizens of the Borough.</p>
<p>c) Priority Rating - 3</p>
<p>d) Recommendation- We recommend that Council use the results of citizen surveys when developing future Corporate Strategies and consider publishing the draft Strategy on the Council website to seek feedback.</p>
<p>e) Management Response -</p> <p>Agree</p>
<p>f) Responsible Officer & Implementation Date -</p> <p>Head of Policy & Community Planning – June 2024</p>

Issue 3 – Corporate Strategy Deliverables

a) Observation - The Corporate Strategy outlines the outcomes, indicators and strategic delivery projects to support how themes will be met but they vary in detail and clarity on what is to be measured and achieved. In addition, the source of all data for measuring progress has not yet been documented.

b) Implication - A lack of clarity and specificity of what is to be measured and achieved when implementing the Corporate Strategic objectives, outcomes and indicators increases the risk of an unclear strategic direction for the Council.

c) Priority Rating- 2

d) Recommendation- It is recommended that ways to measure progress towards achievement of ALL Corporate Plan strategic goals/objectives should be developed and documented. For future Corporate Strategy these measures and the associated data source should be identified and documented before the Corporate Strategy is finalised and adopted.

e) Management Response –

Agree with recommendation – indicators developed with SMT in relation to Baseline data, annual review, and then progress report.

f) Responsible Officer & Implementation Date -

Head of Policy & Community Planning – June 2024

5.2 Risk 2 – At a service level there may be inadequate planning, leading to poor performance, which increases the risk of the Council failing to achieve its strategic objectives.

Issue 4 – Business Plans at the Operational Area

a) Observation - At the time of Audit, up to date business plans (for 22/23) were available in each operational area, except Legal Services aiming to set out the key operational objectives and how they will be achieved. Audit notes that a review has been undertaken of the Legal Services structure, and the 'Co-operation Agreement' between Derry City and Strabane District Council relating to Legal Services was also updated in 2022. A clearer understanding of the role of legal services within Council is being established.

<p>b) Implication - If an operational area does not have a Business Plan there is a risk that challenges, opportunities, setting objectives and service standards have not been formally identified, fully assessed, and documented. This in turn, can increase the risk that sufficient resources are not made available to deliver the service in line with Council's needs.</p>
<p>c) Priority Rating - 3</p>
<p>d) Recommendation - We recommend that Legal Services develop a Business Plan.</p>
<p>e) Management Response – Agreed</p>
<p>f) Responsible Officer & Implementation Date - Senior Council Solicitor - April 2023</p>

Issue 5 – Business Plan Format

a) Observation - Our review of the 2022/23 Business Plans revealed some variations in the format being used and therefore the information being presented in each plan. Examples of differing approaches include the following:

- Differing degree of reference to and clarity around the linkages between the Business Plan objectives and the higher-level Corporate Strategy and Performance Improvement Plan.
- Differing levels of detail on budgetary resources and one Business Plan with no financial information included.

b) Implication - If an operational area does not include all relevant information in the Business Plan there is a risk that objectives are not linked to the Council's high-level objectives and/or the cost of achieving these objectives is not clearly understood. This in turn increases the risk of the Council failing to achieve its strategic objectives

c) Priority Rating – 3

d) Recommendation - The format of the Business Plan should be reviewed and updated, and management should be encouraged to use the standardised template between all Directorates. This review should be overseen jointly by the Policy and Community Planning and Performance sections of Council and in consultation with Directors and Heads of Service. An updated format should seek greater consistency in content across operational areas, include clarity on where to include financial information and seek to provide greater clarity around linking operational level objectives to the Corporate Strategy and PIP e.g., consider inclusion of a section on how each service area supports the relevant PIP Objective

and/or a cross reference to the PIP Objectives in the work stream tables of actions and outcomes.
e) Management Response – Agreed
f) Responsible Officer & Implementation Date - Joint – Head of Policy Community Planning & Performance – March 2024 (ODHR – Refresher Training on the Template)

Issue 6 – The objectives set in the Business Plans are SMART
a) Observation - We tested a sample of 43 outcome targets (linked to Objectives) within the 2022/23 Business Plans, to determine if the objectives and targets were specific, measurable, achievable, relevant, and time-bound (SMART). Our review revealed the following: <ul style="list-style-type: none"> • 19 outcome targets were deemed to be fully SMART • The measurability of 8 targets were considered problematic for a variety of reasons, e.g., no baseline to measure progress from or target not quantified. • 12 targets were deemed not to be time-bound as they had no deadline or just had the financial year 2022/23 noted as the deadline.
b) Implication - If outcome targets are not SMART it can lead to ambiguity about what is to be achieved, when and how. This makes monitoring of progress more difficult and also increases the risk of the Council failing to achieve its strategic objectives.
c) Priority Rating - 2
d) Recommendation - Those developing Business Plan should be reminded of the need to ensure outcome targets linked to the objectives are specific, measurable, achievable, relevant, and time-bound (SMART).
e) Management Response - Agreed
f) Responsible Officer & Implementation Date - Head of Policy & Community Planning Performance Officer ODHR – Training and Development – December 2023

- 5.3 Risk 3 – Corporate and service level business plans may not be reviewed on a regular basis, leading to outstanding actions not being identified, followed up and progressed on a timely basis, and corporate objectives not being met.**

Issue 7 – Monitoring Performance Progress

a) Observation- Our review found that progress in implementing Business Plans is reviewed at the mid-year point and after the financial year end. We also found that reports detailing this progress were prepared. For 2 of the 3 directorates, we found evidence of discussion of the mid-year progress reports at Senior Management Team (SMT) meetings. We verified that all Business Plan Progress reports were presented to the relevant Council Committee.

Our review of the Business Plan progress reports revealed a RAG rating is being used although we note the terminology being used is not consistent e.g., some operations refer to progress as “complete, not complete, ongoing, or partially complete” others “achieved, partially achieved”.

Progress against the current Corporate Strategy 2020-2024 has not been reviewed. We have been advised that there are plans to perform a review in the coming months. During discussion with Audit the Head of Policy and Community Planning outlined the process Council plans follow when performing this review. At the time of Audit this had not been documented or agreed with the SMT.

b) Implication - If the progress of the Corporate Strategy is not reviewed on a regular basis, there is a risk that outstanding actions may not be identified, followed up and progressed on a timely basis, and corporate objectives may not be met.

c) Priority Rating - 2

d) Recommendation - A process for reviewing the Corporate Strategy should be documented as soon as possible – this should include the various steps in obtaining information to monitor progress, the various reporting lines that a progress report would go through, and agreement on whether such a report would be published or not. Any monitoring performed should clarify if actions identified in the Corporate Strategy to achieve objectives and targets are complete, in-progress or outstanding.

e) Management Response – Agreed

f) Responsible Officer & Implementation Date -

Head of Policy & Community Planning – June 2023

- 5.4 Risk 4 - There may be insufficient controls in identifying and addressing poor performance leading to organisational underperformance and reputational risk to the Council.

Issue 8 - Reporting Progress

a) Observation - As noted in **Issue 7** our review found that progress in implementing Business Plans is reviewed at the mid-year point and after the financial year end. We also found that reports detailing this progress were prepared. For 2 of the 3 directorates, we found evidence of discussion of the mid-year progress reports at Senior Management Team (SMT) meetings. We verified that all Business Plan Progress reports were presented to the relevant Council Committee.

Also noted in **Issue 7** Progress against the current Corporate Strategy 2020-2024 has not been reviewed. We have been advised that there are plans to perform a review in the coming months. During discussion with Audit the Head of Policy and Community Planning outlined the process Council plans follow when performing this review. At the time of Audit this had not been documented or agreed with the SMT.

b) Implication - If the progress of the implementation of the Corporate Strategy is not reported to SMT and Council there is a risk of organisational underperformance and corporate objectives may not be met.

c) Recommendation - The recommendation made in **Issue 7** will address this matter.

Issue 9 – Guidance and Training

a) Observation - As noted in some of the issues we have discussed, there are inconsistencies in approach to the use of the Business Plan template and areas where improvement could be made. Audit also notes that there has been no recent review of guidance and no recent training in relation to Business Planning.

b) Implication – A lack of regular review and updating guidance documents to consider recent developments in Council (such as APSE and PERFORM) and the absence of recent refresher training for those involved in Business Planning, leads to an increased risk of ineffectiveness in the process and organisational underperformance.

c) Priority Rating - 2
d) Recommendation - Once the Business Plan Template has been reviewed and updated, appropriate documented guidance and training should be provided on Business Plan preparation and monitoring. Such training should include reference to the complete Performance Management framework of Council (the Community Plan, Corporate Strategy, annual Business Plans, Performance Improvement Plans and APSE) alongside the guidance document recommended under Issue 1 . In addition, more detailed guidance and training on SMART planning should be provided.
e) Management Response - Agreed
f) Responsible Officer & Implementation Date - Head of Policy & Community Planning Performance Officer ODHR December 2023

Appendix A – Points for the Attention of Management

APSE and PERFORM

a) Observation - In recent years Council has signed up to use the benchmarking APSE indicators and has also developed a bespoke IT system to record and monitor performance indicators (PERFORM).

APSE indicators may include relevant targets for operational areas to include as part of their Business Plans.

PERFORM provides an opportunity to record and track Business Plan targets but this is not yet operational.

Council's needs to consider how best to integrate APSE into the annual business planning cycle and also how best to use the PERFORM system. Council should consider if it would be valuable for Council to establish a short-term cross Council working group to look at the entire Performance Framework, including these issues. This may also help identify ways to improve consistencies in approach to Business Planning and improve the linkages between the high-level Corporate Strategy, Community Plan, PIP and the more operational Business Plans.

b) Management Comment -

Agree

Head of Policy and Community Planning/Performance Officer March 23-September 23

Appendix B – Assurance Ratings

The framework for audit assurance is set out in DAO 07/16 and summarised below:

Level of Assurance	Definition
Satisfactory	Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of the system objectives.
Limited	Evaluation Opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to system objectives not being achieved.
Unacceptable	Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

The priority ratings are also set out in DAO 07/16. They are intended as guidance to help prioritise the impact and implementation of each finding identified, and recommendation made:

Key:

Priority	Corresponding level	Definitions
1	High	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
2	Medium	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
3	Low	Failure to implement could lead to an increased risk exposure.

Appendix C – Summary of Controls Reviewed

Risk	Key Areas & Controls Tested
<p>There may be inadequate arrangements in place in relation to performance management leading to poor linkages between the key Performance documents within Council and an unclear strategic direction for the Council</p>	<ul style="list-style-type: none"> • There is a documented Performance Management Cycle and procedure, which includes: <ul style="list-style-type: none"> ○ Clear explanation of the linkages between the key elements of performance management framework and how Council supports these linkages (i.e. linkages between the Community Plan, Corporate Strategy, annual Business Plans, Performance Improvement Plans and APSE); ○ Key dates and deadlines in the cycle of activities which support the performance management framework (from planning, through monitoring feedback and revision). ○ All roles and responsibilities relating to the Performance Management Cycle i.e. Corporate Strategy, Business Planning, Performance Improvement Planning ○ Function and use of PERFORM online monitoring portal • Every effort is made to ensure all elements of Performance Management across Council (Corporate Strategy, Business Plans, PIP, APSE) are developed and managed in unison across the relevant Council areas • All Council management and staff were adequately engaged in the Corporate Strategy process • Appropriate levels of public consultation took place during the preparation of the Corporate Strategy • The Corporate Strategy clearly considers the agreed Community Plan • The Corporate Strategy contains clear strategic goals/objectives and measures of progress towards the objectives have been developed
<p>At a service level there may be inadequate planning, leading to poor performance, which increases the risk of the Council failing to</p>	<ul style="list-style-type: none"> • Up-to-date business plans are in place for each service area and clearly set out the objectives and how they will be achieved • Directorate and service level objectives are aligned to the Corporate Strategy • Adequate time is set aside with meetings at various level within each service area to develop business plans

<p>achieve its strategic objectives</p>	<ul style="list-style-type: none"> • Directorate/service level budgets are aligned to delivering the business plans • Annual Business Plans are prepared in a timely manner • Annual Business Plans consider Performance Improvement Planning • Business Plan targets are SMART
<p>Corporate and service level business plans may not be reviewed on a regular basis, leading to outstanding actions not being identified, followed up and progressed on a timely basis, and corporate objectives not being met</p>	<ul style="list-style-type: none"> • Processes have been established to ensure that Council can track throughout the year its performance against the objectives set in the Corporate Strategy and Business Plans <ul style="list-style-type: none"> ○ There is a schedule of review times ○ Data is easily accessible ○ Staff responsible for monitoring Corporate and Business plan target and objectives have been identified • Progress against the Corporate Strategy is reviewed on a regular basis (at least annually) • Actions are identified as being completed, in progress or outstanding • Progress against directorate/service level business plans is reviewed on a regular basis (at least every 6 months) and actions are identified as being completed, in progress or outstanding • Progress from directorates is considered during the review of the Corporate Strategy
<p>There may be insufficient controls in identifying and addressing poor performance leading to organisational underperformance and reputational risk to the Council</p>	<ul style="list-style-type: none"> • SMT regularly discusses performance against business and the Corporate Strategy • The outcome of monitoring of Corporate and Business Plans progress are reported to the relevant Committees in Council on a regular and timely basis (at least annually for the Corporate Strategy and every 6 months for Business Plans)

Appendix C - Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.