

Causeway Coast and Glens Borough Council

Internal Audit Report Corporate and Business Planning

March 2018

MOORE STEPHENS

INTERNAL AUDIT REPORT

Corporate and Business Planning

Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2017/18. This report summarises the findings arising from a review of Corporate and Business Planning which was allocated 8 days.

Through our audit we found the following examples of good practice:

- A Corporate Strategy is in Place and progress is reviewed on an annual basis with elected members.
- Business Plans are in place at all key operational levels within Council.
- The Council Community Plan is in place and throughout the preparation of the Community Plan Council made every effort to ensure continuing congruence with the existing Corporate Strategy.
- The Performance Management process is established and evolving each year.

Two areas (Priority 2) where controls could be enhanced were noted during our review:

- When Council is developing its plan to support the preparation of the next Corporate Strategy they must ensure that sufficient time is allowed to facilitate greater levels of public consultation.
- A formal process of documented monitoring should be introduced for both the Corporate Strategy and Business Plans. Monitoring should clearly state whether actions are completed, in progress or outstanding. The corporate strategy should be reviewed half way through the year and also include a consideration of half year progress of the respective Business Plans. A progress report should be prepared and presented through Committee to Council, at least annually. Council should consider publishing an Annual Progress report on its website.

The following table summarises the total number of findings/recommendations from our audit:

Risk	Number of recommendations & Priority rating		
	1	2	3
There may be inadequate arrangements in place in relation to corporate planning leading to insufficient strategic planning and an unclear mission for the Council	-	1	-

Risk	Number of recommendations & Priority rating		
	1	2	3
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
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	0	2	2

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

Satisfactory

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 system objectives.

Points for the attention of Management

We have identified one system enhancement during the course of the audit which do not form part of our formal findings, but may help enhance the existing controls. These are detailed at Appendix III.

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Distribution:	Audit Committee Chief Executive Director of Corporate Services
	February 2018

Audit progress	Date
Audit commenced	9 th January 2018
Draft Report issued to senior management for response	26 th February 2018
Responses Received	6 th March 2018
Responses Agreed	8 th March 2018
Report Issued	8 th March 2018

All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council's internal control system.

1 Objective

The areas for inclusion in the scope of the audit were determined through discussion with management. The scope of this audit was to review the arrangements in place within the Council in relation to corporate and business planning, focusing on the main risks associated with:

- General arrangements
- Planning processes
- Monitoring and corporate performance review
- Reporting

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 developed a Corporate Strategy covering the period 2015-2019. This Strategy, through 5 cross cutting strategic themes, sets out the priorities of the Council between 2015 and 2019; Council will work to;

- provide effective and sustainable local services
- develop our economy and create jobs
- enhance our people's health and wellbeing
- empower our local people to take ownership of projects in their community
- promote our tourist offer locally as well as internationally, and
- protect the environment in which we live.

Business plans drive operations at service level and should be closely aligned with the strategic priorities to be achieved. Business plans are usually developed on an annual basis, whilst the corporate strategic plan 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.

Performance Improvement is also a new requirement for Councils. Councils are required under the Act to gather information to assess improvements in their services and to issue a report annually on their performance against indicators which they have either set themselves or that have been set by Central Government Departments.

For each financial year the Council must set itself improvement objectives for improving the exercise of its functions. Each improvement objective must bring about improvement in one or more of the specified aspects of improvement (Strategic Effectiveness, Service Quality, Service Availability, Fairness, Sustainability, Efficiency

and Innovation). Under these requirements, the Council has a role to ensure that arrangements for the collation of performance evidence, good governance and progress reporting are in place.

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.

3 Risks

The risks identified by Internal Audit relating to corporate governance and agreed with management are as follows:

1. There may be an inadequate governance framework leading to poor management, a lack of transparency and accountability, and insufficient performance measurement
2. There may be an inadequate organisational structure in place, leading to unclear lines of authority, responsibility and accountability
3. There may be an inadequate flow of information throughout the Council, leading to organisational underperformance and incorrect decision-making

4 Audit Approach

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 we would like to thank them for their assistance and co-operation.

Job title
Director of Corporate Services
Director of Leisure and Development
Head of Planning
Head of Policy and Community Planning

5 Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations. A summary of all the key controls that we considered is included in Appendix II to this report.

Risk 1 – Inadequate Arrangements for Corporate Planning

ISSUE 1 – Public Consultation

a) Observation-

The Corporate Strategy (2015-19) preparation process took place during a period of significant change and development when the Shadow council and transition arrangements were in place. A vision and mission were developed and workshops to analyse the new council functions, direction, strengths and weaknesses were held to facilitate drafting of the strategy. However, it was observed by Audit that the process allowed only a very short time for public consultation, review and discussion.

b) Implication-

If adequate time is not allowed for public consultation, when preparing the corporate strategy, it increases the risk of inefficient strategic planning and a lack of buy-in from the public.

c) Priority Rating-

2

d) Recommendation-

When Council is developing its plan to support the preparation of the next Corporate Strategy they must ensure that sufficient time is allowed to facilitate greater levels of public consultation.

e) Management Response-

The project plan for development of the new Corporate Strategy is currently being developed for consideration by senior management and by Council and it will recommend greater levels of public consultation as part of the process.

f) Responsible Officer & Implementation Date-

Project plan to be agreed by June 2018. Quarterly progress report to CPR thereafter.

Risk 2 – Inadequate Business Planning

ISSUE 2 – Guidance for Business Plan Development

a) Observation-

Testing revealed that business plans (BPs) (2017/18), are in place which detail the various service level objectives and these are linked to the Corporate Strategy.

There are no guidelines and templates available for preparation of the BPs. Despite this a consistent format is in use and contains all relevant information. There is however no formal process in place to ensure evidencing of appropriate consultation during preparation of the business plans.

It was also noted that the Planning BP is not approved by a Council Committee

b) Implication-

If there is inadequate consultation with relevant management and staff during the development of business plans there is a risk of poor or inappropriate business plans being developed.

c) Priority Rating-

3

d) Recommendation-

Council should develop a Business Plan development procedure providing guidance at the Directorate and Service level to ensure appropriate levels of consultation take place. Heads of Service should be reminded to maintain notes of such consultations and staff meetings relating to the development of the Business Plans.

All Business Plans should be presented to the relevant Council Committee before they are implemented.

e) Management Response-

A guide for the development of Business Plans is currently being developed for consideration by senior management and these recommendations will be included in this guidance document.

f) Responsible Officer & Implementation Date-

E Beattie. June 2018

Risk 3 – Irregular Review of Corporate and Business Plans

ISSUE 3 – Monitoring and Reporting of Progress

a) Observation-

Audit was advised that there is an annual review of the Corporate Strategy via a workshop for elected members. Discussions with Directors and Heads of Service

revealed some informal ad hoc reviewing of progress against business plans at the operational level. A review of a sample of Committee minutes revealed no evidence of consistent, regular and comprehensive reporting of such progress through the various management tiers to Council Committees.

Audit was also advised that progress against the Corporate Strategy and Business Plans are discussed at SMT on an ad hoc basis, but that this is not always recorded.

b) Implication-

If Corporate and Departmental business plans are not being regularly reviewed and progress reported on a regular basis, this can lead to outstanding actions not being identified, followed up and progressed on a timely basis, and increases the risk of corporate objectives not being met.

c) Priority Rating-

2

d) Recommendation-

A formal process of documented monitoring should be introduced for both the Corporate Strategy and Business Plans. Business Plans should be monitored quarterly and reported to SMT and the respective Committee. Monitoring should clearly state whether actions are completed, in progress or outstanding. The corporate strategy should be reviewed half way through the year and also include a consideration of half year progress of the respective Business Plans. A progress report should be prepared and presented through Committee to Council, at least annually. Council should consider publishing an Annual Progress report on its website.

e) Management Response-

A guide for the development of Business Plans is currently being developed for consideration by senior management and these recommendations will be included in this guidance document.

Publication of an Annual Progress Report on the Council website will be considered by senior management.

f) Responsible Officer & Implementation Date-

E Beattie. June 2018

Annual Progress Report to be prepared in June 2019 for 2018/19 financial year.

Risk 4 – A Lack of Awareness of Organisational Performance

ISSUE 4 –

a) Observation-

Audit was advised that a Performance Improvement Policy has been drafted. A review of the draft policy revealed that it discusses the various strategic, performance and operational plans, their connectivity and their link to the Community Plan; the policy also discusses the need for monitoring and evaluation. The process for developing the Performance Improvement Plan is still developing; but audit found evidence of consultation taking place during preparation with elected members and the public. Audit was also advised that SMT were informed at a meeting on 13th November (2017) that the Performance Improvement Plan reporting cycle would be September, November, January and May to the Corporate Policy and Resources Committee with additional scrutiny being provided via the December and June Audit Committee meetings.

The draft Performance Improvement Policy includes a Performance Process cycle diagram which clearly highlights the links between the Corporate Strategy, Business Plans, Community Plan and the Performance Improvement Plan. The cycle provides a very good basis for promoting the concept of organisational performance, and provides a good opportunity to further improve awareness and understanding of the linkages between the corporate performance and the individual performance on the organisation as a whole.

b) Implication-

If there is a lack of understanding of performance and performance improvement across Council then there is a risk of losing an opportunity to promote organisational performance

c) Priority Rating-

3

d) Recommendation-

Council should continue to build on the Performance Process cycle which has been developed within the draft Performance Improvement Policy and review if a link to the individual level appraisal process can be highlighted and possibly referred to the in the Performance Process Cycle (e.g. in the diagram).

e) Management Response- Agreed

f) Responsible Officer & Implementation Date- Director of Corporate Services and Head of Performance Management - April 2019

Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

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 system objectives.

Limited Assurance

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

Unacceptable Assurance

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.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: 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.

Priority 2: 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.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

Appendix II: Summary of Key Controls Reviewed

Budgetary Control

Risk	Key Controls
<p>There may be inadequate arrangements in place in relation to corporate planning leading to insufficient strategic planning and an unclear mission for the Council</p>	<ul style="list-style-type: none"> • There is a planning cycle for corporate planning that allows sufficient time for review and discussion • The development of the corporate plan includes the setting of a vision and mission and environment scanning (both internal and external) • Sufficient analysis and assessment information was prepared and presented to support the development of the corporate plan • Staff are adequately engaged in the corporate planning process • The public is adequately consulted on the corporate plan - subject to recommendation • The annual estimate and rate-setting process is clearly aligned to delivering the corporate objectives
<p>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</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 Plan • Adequate time is set aside with meetings at various level within each service area to develop business plans - subject to recommendation • Directorate/service level budgets are aligned to delivering the business plans
<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"> • Progress against the Corporate Plan is reviewed on a regular basis - subject to recommendation • Actions are identified as being completed, in progress or outstanding • Progress against the directorate/service level business plans is reviewed on a regular basis and actions are identified as being completed, in progress or outstanding - subject to recommendation • Progress from directorates is considered during the review of the Corporate Plan - subject to recommendation
<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"> • The concept of poor performance has been established in the context of business, corporate and performance improvement plans and there is a clear understanding of how poor performance will be addressed - subject to recommendation • SMT regularly discusses performance against business and the corporate plans - subject to recommendation • Progress against the corporate plan is reported to Council

Risk	Key Controls
	<ul style="list-style-type: none"><li data-bbox="619 327 1433 456">• There is a clear planning cycle for developing the Corporate Improvement plan that ensures that objectives are linked to the Community Plan and that there is sufficient time for consideration and development of the Improvement Plan<li data-bbox="619 461 1433 562">• Processes have been established to ensure that Council can track throughout the year its performance against the objectives set in the Corporate Improvement plan

Appendix III: Points for the Attention of Management

Annual Governance Statement

The development of the first CCAG Corporate Strategy for the period 2015-19 evolved during a period of significant change and already making plans to prepare an updated 3 year Strategy from 2020. Council have just completed drafting the Community Plan and throughout the preparation of the Community Plan they have tried to ensure continuing congruence between these two high level plans.

The challenge for Council moving forward will be avoiding duplication of effort during the future monitoring of performance. Once the system of monitoring for Community Planning and Performance Improvement has been better embedded, Council should review all performance monitoring processes (including progress against the Corporate Strategy, Corporate Improvement Plans, Community Plan, Business Plans and individual performance appraisal) to ensure appropriate linkage are in place and that synergies are highlighted and positively managed and that duplication of effort is avoided.

Management response: Agreed; this will be considered during the future development of the next Corporate Strategy, when implementing the Community Plan and also when finalising the guide for the development of Business Plans