



# Performance Management

## Peak District National Park Authority

### Internal Audit Report 2019/20

Business Unit: Corporate Strategy & Development  
 Responsible Officer: Director of Corporate Strategy & Development  
 Service Manager: Head of Strategy & Performance / Senior Strategy Officer  
 Date Issued: 19 February 2020  
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	P1	P2	P3
<b>Actions</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Overall Audit Opinion</b>	High Assurance		

# Summary and Overall Conclusions

## Introduction

The National Park Management Plan (NPMP) provides the framework for all Peak District stakeholders to work together to achieve national park purposes and conserve and enhance its special qualities. The corporate strategy outlines the Peak District National Park Authority's (PDNPA) contribution to the NPMP.

The PDNPA monitors and measures performance to understand whether it's achieving the outcomes set out in the corporate strategy. Monitoring performance helps the authority demonstrate that it is making the best use of resources to accomplish the authority's outcomes.

A Key Performance Indicator (KPI) is the measure of performance of an activity that is critical to the success of the authority's outcomes. Successfully designed KPIs are specific, measurable, achievable, relevant and timely (SMART). KPIs are reviewed quarterly and formally recorded annually through the performance report document, shared at full authority meetings.

Each of the authorities 31 KPIs has a supporting data dictionary. The data dictionary includes an outline of the source of information used to record performance, the methodology for calculating performance and previous performance for each KPI.

## Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensured:

- An appropriate performance management framework and reporting cycle is in place
- All KPIs have supporting data dictionaries that are accurate and complete
- KPI performance is reviewed appropriately on a regular basis

## Key Findings

The authority has a performance management framework in place displaying the performance management tasks performed every 5 years, annually, bi-annually and quarterly. An update to the performance management framework has been developed to ensure Key Performance Indicators (KPIs) have targets for the duration of the Corporate Strategy (2019-2024). There is also a quarterly reporting cycle outlining the specific tasks to be performed. Each task includes a lead officer and a deadline for completion. This allows for accurate quarterly performance reports to be produced that are shared at Full Authority meetings. The quarterly reporting cycle also includes a review and update of delivery plans, as well as service and corporate risk registers.

A robust process is in place to create KPIs. KPIs are required to link directly to the key outcomes of Corporate Strategy and the National Park Management Plan. KPIs are reviewed by the Operational Leadership Team and members are consulted before they are formally implemented.

A data dictionary is in place for every KPI measured by the authority. The purpose of the data dictionary is to outline all the relevant information required to calculate and monitor its performance. Each KPI have an owner as well as a data owner and data admin. The methodology outlined in the data dictionary explains the source of KPI data and how the calculation has been made. All calculations of KPIs over the 5 year duration they are to be measured are also recorded in the data dictionary. This is to ensure the data used to calculate KPIs are maintained accurately and performance is managed as a result of measuring the KPI.

Most KPIs included a complete methodology for calculation in their data dictionary. From the sample of 11 KPI's tested 4 data dictionaries did not include methodologies including the sections outlining what the statistics show; how the data should be analysed; and, how the data should be interpreted. This may result in performance management and reporting being based on inaccurate or inconsistent information. Prior to the first formal calculation of the KPIs in quarter 4 during March 2020 all data dictionaries should be updated with clear and accurate methodologies containing all relevant sections. This will allow for KPIs to be calculated in a consistent and accurate manner for the duration the KPI is in place.

KPIs are due to be formally calculated and recorded on an annual basis as outlined in the performance management framework. KPIs are RAG rated against pre-determined targets or baseline figures. From the sample of 11 we reviewed 2 KPIs were calculated more frequently (1 KPI was recorded quarterly and 1 KPI was calculated bi-annually) as the data source was internal and therefore more easily accessible. More frequent calculation allows for more proactive and accurate performance management.

When KPIs are formally recorded KPI owners should ensure that the data source used is retained. There should also be a recorded calculation of the KPI retained in the data dictionary. A robust process should also be in place to ensure the calculation is reviewed prior to the KPI being formally published.

Each KPI also have strategic interventions outlining the action performed by the authority to contribute towards achieving their target. We saw that KPIs have appropriate strategic interventions that were updated and RAG rated on a quarterly basis. A commentary of the progress by the KPI owner for both the strategic interventions and the KPIs was included in quarterly performance reports.

## **Overall Conclusions**

It was found that the arrangements for managing risk were very good. An effective control environment appears to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided High Assurance.

# 1 Key Performance Indicators calculation methodologies

## Issue/Control Weakness

Some KPIs did not have complete methodologies for their calculation stated in their data dictionary.

## Risk

Performance management and reporting is based on inaccurate information.

## Findings

A data dictionary is in place for every Key Performance Indicator (KPI) measured by the authority. The purpose of the data dictionary is to outline all the relevant information required to calculate and monitor its performance. Each data dictionary includes: a summary of the key features of the KPI; the methodology to calculate the KPI; the recorded data over a 5 year period for the KPI; comments from the data owner and data admin on the KPI performance.

From the sample of 11 data dictionaries we reviewed 4 did not have complete methodologies to outline how the KPI is calculated. The 4 data dictionaries did not include methodologies including the sections outlining what the statistics show; how the data should be analysed; and, how the data should be interpreted.

Prior to the first formal calculation of the KPIs in quarter 4 during March 2020 all data dictionaries should be updated with clear and accurate methodologies containing all relevant sections. This will allow for KPIs to be calculated in a consistent and accurate manner for the duration the KPI is in place.

## Agreed Action 1.1

There will be complete data dictionary and methodologies for the 4 outstanding KPIs ahead of quarter 4 KPI recording performed in April 2020.

**Priority**

3

**Responsible Officer**

Director of Strategy and Development

**Timescale**

23 March 2020

# Audit Opinions and Priorities for Actions

## Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

## Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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