# MOPAC | MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

## DIRECTORATE OF AUDIT, RISK AND ASSURANCE
## Internal Audit Service to the GLA

## Performance Management Framework

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# EXECUTIVE SUMMARY

## 1. Background

1.1 This review has been carried out as part of the Greater London Authority (GLA) 2013/14 audit plan.

1.2 The objectives of the GLA Performance Management Framework are to ensure that the GLA is able to effectively manage and review its performance in achieving the aims and objectives of the GLA Business Plan and Mayoral priorities. The performance management framework supports challenge and decision-making, improvement and reporting of significant activities.

1.3 At the outset of the review, the potential risks identified to achieving the objectives of the performance management framework were:

- Ill-defined strategic objectives
- Ineffective governance framework
- Inappropriate performance criteria and measurement
- Ineffective communication of objectives and measures
- Incomplete/inaccurate performance data captured/collated
- Ineffective analysis of performance
- Ineffective reporting and review of performance
- Action is not taken to address issues of performance

1.4 We are looking to provide assurance that the key risks are being effectively managed.

1.5 The GLA's Business Plan 2013/14 - 2015/16, published in May 2013, sets out how each of its directorates will deliver Mayor's vision and priorities. The plan contains key milestones and 20 key performance indicators (KPIs) which are monitored quarterly. A monthly report is produced for the Investment and Performance Board (IPB) covering progress against the GLA's suite of major projects and programmes. The GLA's approach to data collection and collation is covered by a Data Quality Framework, approved in March 2012. A Use of Statistics protocol will be adopted shortly.

## 2. Audit Assurance

**Adequate Assurance**

An adequate performance management framework has been put in place and key risks are being managed effectively, however, the operation of a number of controls introduced under the recently revised process needs to become fully embedded.

## 3. Areas of Effective Control

3.1 The GLA Business Plan for 2013/4 to 2015/16 sets clear objectives, priorities and outcomes by which performance is managed and this is effectively communicated to all responsible officers and key stakeholders.

3.2 An effective process supported the development of the KPIs established to review performance against Mayoral targets and commitments. Key deliverables for projects and programmes are defined at the outset and monitored throughout the life of the programme/project.

3.3 A defined performance management framework based on a Data Quality Framework is in place and regularly reviewed by the Governance and Resilience Team to ensure that it is in line with best practice. This is supported by a documented approach to programme and project management.

3.4 Roles and responsibilities for those involved in performance management are clearly defined in the Data Quality Framework, programme management documentation and in job descriptions as appropriate. Terms of Reference for the IPB and the Budget Monitoring Sub-Committee also define their role in respect of monitoring performance.

3.5 Performance and Data owners have been clearly assigned and the importance of maintaining and producing fit for purpose and accurate performance data is stressed throughout the published Data Quality Framework.

3.6 Adequate performance monitoring arrangements have been established with performance data being regularly reported to and reviewed by the GLA Corporate Management Team (CMT), the IPB and the Budget Monitoring Sub-Committee. The transparency of GLA performance against published targets and commitments is maintained through the London Assembly's scrutiny function and reports on performance placed in the public domain.

## 4. Key Risk Issues for Management Action

4.1 Controls to quality assure the accuracy and analysis of performance data need to be fully embedded. The Governance and Resilience Unit as part of the Data Quality Framework has established a self-audit review process to assist in evaluating the effectiveness and accuracy of data collection and recording. Although use of the self-audit process is optional data owners are required to carry out a review of data periodically. Reviews have been undertaken of KPI methodology, for example for the Jobs KPI. But in a sample of KPIs reviewed, the detailed self-audit form was not being used. To encourage leads to carry out reviews, we have recommended that year-end

data collection forms are adapted such that data owners self-certify that they have reviewed the quality of the data they are providing.

4.2     Changes to performance indicators are recorded in quarterly reports. Although the rationale behind changes are reported to CMT, they are not always formally included in the quarterly GLA Group monitoring report

4.3     As part of the annual business planning process, it is important a review is carried out to check the suite of KPIs continues to accurately reflect Mayoral Priorities.

4.4     The IPB review of performance needs to be better reflected in the minutes of the meeting to ensure agreed actions to address any areas of concern/for improvement are properly recorded and progress tracked.

## 5. Review Objectives

5.1 Our overall objective was to review the effectiveness of the performance management control framework. In particular, we sought to give an assurance that:

- A clearly defined framework is in place setting out roles and responsibilities for performance management within the GLA.
- Appropriate performance measures in support of key strategic objectives have been set and effectively communicated to all key stakeholders.
- Performance information is effectively captured and is accurate, relevant, complete, reliable and timely.
- Performance is effectively analysed and monitored to provide an assurance that key deliverables/targets will be met and areas of improvement identified and appropriately addressed.
- Accurate performance management information is produced on a regular basis, reviewed by senior management and reported accordingly.

## 6. Scope

6.1 We assessed the effectiveness of the performance management control framework which supports the delivery of Mayoral strategies and initiatives and the GLA Business Plan for 2013/4 to 2015/16.

6.2 This is a high level review of the performance management framework, the activity supporting the reporting of performance to the various boards/committees is reviewed as part of our reviews undertaken within the directorates.

## 7. Performance Management Framework

### Governance Framework

7.1 The GLA's Business Plan 2013/14 - 2015/16 sets out how each of its directorates will deliver against the Mayor's Vision, targets and commitments. The Business Plan is clearly structured by directorate and unit and a high level budget is set which is followed by an overview of the roles and responsibilities of constituent units, listing their top priorities and KPIs and milestones to track delivery.

7.2 The CMT has an opportunity to challenge performance through its review of the GLA's quarterly monitoring report. The quarter 1 report for 2013/14 was the first time progress was reported against the newly established KPIs to the CMT. The focus of this meeting was to examine issues surrounding the quality of some of the KPI data. It is planned that for future meetings the focus will shift to delivery and achievement against targets.

7.3   The IPB meets on a monthly basis to discuss programme and project performance, including progress in the implementation and delivery of the GLA project programme. The IPB role is to consider the performance both financial and output driven against the targets set within the GLA Business Plan. A monthly project performance report is produced for the IPB which highlights the performance of each GLA project. This is also included as part of the GLA Quarterly Monitoring report to the Budget Monitoring Sub-Committee and the performance of these projects feeds into the analysis of performance against the 20 KPIs set for the Business Plan objectives.

7.4   The Governance Steering Group is responsible for the approval of the Data Quality Framework and also the commissioning of actions where issues regarding the quality of performance management information are raised.

7.5   The Budget Monitoring Sub-Committee, which meets on a quarterly basis, has the role of reviewing the GLA quarterly monitoring report which includes performance against the suite of 20 KPIs for Mayoral targets and commitments published within the GLA Business Plan 2013/14 - 2015/16. GLA officers attend the Sub-Committee and are questioned on specific aspects covering the KPIs.

### Strategic Approach to Performance Management

7.6   All policies and procedures regarding performance management are held in the relevant sections of the GLA intranet and internet sites.  Project management guidelines are provided within the project management toolkit. Performance management guidelines are also in place for GLA staff.  Data quality expectations and tools are included in the document "ACE: The GLA's Framework for Data Quality"; tools include includes performance indicator pro formas for performance information, outturn and self-audit.

7.7   To track performance of KPIs against the business plan and to monitor progress for programmes/projects the GLA operates a framework which sets out the requirements for those GLA officers who are responsible for performance management and the processes which need to be followed in the provision of performance data. This is based on the approach outlined in the project management toolkit and the Data Quality Framework.

7.8   The Governance and Resilience Unit developed the Data Quality Framework and are responsible for updating and publicising it. The Framework was approved by the Corporate Governance Steering Group on the 30 March 2012 and was last revised in January 2013. It will be strengthened following the adoption of the GLA Use of Statistics Protocol which will further clarify roles and responsibilities and guidance to ensure that the GLA produces statistics in line with professional standards. The Framework clearly sets out the GLA's commitment to ensure a consistent and best practice approach in the way data is collected, collated, recorded and managed. The GLA's Intelligence Unit is responsible for launching and overseeing the Use of Statistics Protocol.

Roles and Responsibilities

7.9 Roles and responsibilities for ensuring the quality and accuracy of performance information are clearly established within the Framework which applies to all GLA staff as well as external partners who are undertaking services on the behalf of the GLA. The Executive Director of Resources is the GLA data quality champion and the Governance and Resilience Unit provides support to the data quality champion.

7.10 Responsibilities for each performance indicator are clearly assigned to GLA officers with a performance owner who is responsible for managing the performance of their indicator and also monitoring the quality of the data which is produced. A data owner is responsible for; producing their indicator, ensuring systems in place for collecting data function effectively, information produced meets GLA quality standards and data is reported in a timely manner. The Governance and Resilience Unit maintains a list of the suite of 20 Business Plan KPIs which records the data and performance owners for each indicator.

7.11 Staff responsibilities regarding performance management are recorded in staff job descriptions. These responsibilities are also part of the GLA competency framework which contains a competency relating to research and analysis which covers the production of performance information.

## 8. Establishment and Approval of Performance Indicators

8.1 An initial list of 24 KPIs were drafted by the Governance and Resilience Unit based on the Mayoral priorities and passed to the relevant Directorates/Units, Mayoral Advisers and the CMT for approval in December 2012. This list was then adjusted to cover 20 KPIs. The GLA's Business Plan for 2013/4 to 2015/16 published in May 2013 year included the 20 approved KPIs grouped under six themes: economy and regeneration; youth; community; environment and retrofitting; housing and land; efficiency. This represents the first time the GLA has set out its key measures of performance in this way. The Business Plan and the 20 KPIs were approved by the Mayor as part of Mayoral Decision MD1197 on the 14 May 2013.

8.2 Each performance indicator is supported by a KPI information record which sets out the following;

- the Directorate and Unit who own the indicator;
- the rationale for the indicator;
- a detailed definition of the indicator;
- how the data will be collected and checked;
- risks to and limitations in the quality of the data;
- a sign off by the responsible performance owner and data owner.

8.3    Although any changes to the suite of 20 KPIs included in the GLA Business Plan are reported to and approved by the CMT and reasons for a change are recorded on the performance indicator data collection template, the quarterly GLA Group Monitoring report notes any changes made but does not always state the justification for any changes which have taken place. Of the four KPIs which had changed within the quarter one monitoring report an explanation was provided for two.

> **Recommendation**
> The commentary section of the quarterly GLA Group Monitoring report routinely contains details of how a performance indicator has been revised and the reasons for the revision.

8.4    At the end of the year, data owners will be expected to compile and maintain details of the performance and evidence to support the outturn. As this is the first year the KPIs have been in place this process will take place for the first time in April 2014.

8.5    The introduction of KPIs for the first time and the adoption of the Data Quality Framework mean that there is a need to review the relevance of each KPI at the year-end to ensure they are appropriate and enabling the measurement of the impact and delivery of  Mayoral  priorities.

> **Recommendation**
> As part of the annual refresh of the GLA's business plan, a review is carried out to check that each KPI has properly and accurately reflected Mayoral priorities.

## 9.    Capture, Accuracy and Timeliness of Performance Information

9.1    The GLA Data Quality Framework establishes the following-

- the allocation of responsibilities for data quality;
- the need to ensure that external partners are aware of GLA data quality standards;
- the process for establishing performance indicators;
- the need for understanding the impact of poor quality data;
- the process for capturing and checking data;
- the process for evaluating information and ensuring that best practice is being followed.

9.2     The Data Quality Framework establishes a clear set of processes to enable the GLA to provide performance information which assists in the monitoring of GLA activity in meeting the targets set in the GLA Business Plan and monitoring GLA projects.

9.3     For each Business Plan KPI a standard template is completed which provides details of data for the period, a rating and commentary on performance and data quality, and a checklist to ensure that all data has been recorded. If targets are not being met the reasons and details of any remedial measures taken are recorded.

9.4     The process for obtaining assurance that Directorates/Units are providing accurate data may not always be operating effectively. There is an expectation that all systems used to produce performance data should be reviewed periodically by the performance and data owners. In testing a sample of KPIs we did not find evidence of reviews taking place systematically.  However, there is evidence of reviews of the methodology of specific KPIs, such as the Jobs KPIs. It is important that the Governance and Resilience Unit is provided with assurance that such reviews are taking place. The introduction of a self-certification on end of year data collection forms would help provide this assurance.

9.5     As this is the first year that KPIs have been used there are some indicators such as sponsorship income which have well defined indicators and data gathering processes whilst others are not as established or easily defined such as $CO_2$ savings from energy supply programmes. The GLA are aware of these issues and some have been raised with the CMT as part of the review of the quarterly GLA Group monitoring report. Any queries regarding KPIs are collated by the Governance and Resilience Unit and then passed to the relevant performance owner for action. The completion of a formal periodic review of all KPIs will further assist in ensuring that any concerns regarding the accuracy of data are formally reported and acted upon.

> **Recommendation**
> Performance and data owners are reminded of the need to ensure that the data they produce is accurate and in line with the data quality framework and GLA statistics protocol. Assurance should be provided to the Governance and Resilience Unit via a self-certification box, added to end of year data collection forms.

9.6     Although a formal timetable for the provision of performance data is not in place the Governance and Resilience Unit provides performance and data owners with clear deadlines for the provision of performance data for the CMT, IPB and the Budget Monitoring Sub-Committee. The Governance and Resilience Unit are in the process of developing a formal timetable for the year 2014/15.

## 10.     Monitoring and Reporting of Performance

10.1    The Governance and Resilience Unit is responsible for collating performance data and reporting on GLA performance in respect of the business plan KPIs and projects. A quarterly GLA Group monitoring report covering financial performance, progress of GLA projects, and progress against Business Plan deliverables and performance against the KPIs is presented to the Budget Monitoring Sub-Committee. The monitoring report also provides a review of financial performance with analysis of over and under-spends. The KPI performance update report is reviewed and approved by the CMT prior to being reported to the Sub-Committee.

10.2    All GLA projects are approved and monitored by the IPB which meets on a monthly basis. A monthly project performance report is produced in which each project is rated to indicate the level to which the project is progressing according to plan. A summary report is also produced which provides an overview of project performance, details on new projects, details on red rated projects and issues for consideration by the Board. We reviewed the project and programme report and found that the analysis of the projects and the risk assessment ranking produced was in line with the criteria set.

10.3    The most recent report to the IPB covers the 129 live projects in place as at the end of October 2013. This is a significant number of projects to scrutinise and review which underlines the importance of the accuracy of data and information given the level of reliance placed on the progress reports provided. The status of each project is rated as green, amber or red and details are provided of any changes to the status of a project. Key milestones are recorded and comments on progress are provided by the responsible Directorate. In addition some projects are brought into the IPB forward plan to be looked at as agenda items for the IPB in their own right. Our analysis of a sample of minutes from the IPB showed that although progress on GLA projects was noted there was no evidence of action to be taken to address any issues raised, and in particular for those projects that are red or amber rated.

> **Recommendation**
> The IPB review of performance is reflected in the minutes of the meeting and agreed actions to address any areas of concern/for improvement recorded and progress tracked.

10.4    Adequate processes are in place for recording outstanding actions resulting from the monitoring of performance by the Budget Monitoring Sub-Committee. Minutes and transcripts are produced for the Sub-Committee and published on the GLA internet site.

10.5    The Mayor of London's Annual Report outlines the achievements of the GLA for the preceding year. The report is in two parts, the first part highlights key achievements for the year whilst the second provides a detailed breakdown of the performance of the GLA and the wider GLA group. Part two also provides an update on the progress made against each of the Mayoral Strategies. It is planned that the Annual Report for 2013/14 will include coverage of the 20 KPIs.

10.6    Work is on-going to provide details of the GLA KPIs on the London Dashboard. The London Dashboard and London Datastore is an initiative by the GLA to release to the public as much of the data that it holds as possible. Some of the data relating to the KPIs is already recorded on the London Datastore and it is planned to report performance on the KPIs.

## RISK AND AUDIT ASSURANCE STATEMENT – DEFINITIONS

| Overall Rating | Criteria | Impact |
|---|---|---|
| **Substantial** | There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives. | There is particularly effective management of key risks contributing to the achievement of business objectives. |
| **Adequate** | The control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met. | Key risks are being managed effectively, however, a number of controls need to be improved to ensure business objectives are met. |
| **Limited** | The control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives. | Some improvement is required to address key risks before business objectives can be met. |
| **No Assurance** | A control framework is not in place to mitigate key risks. The business area is open to abuse, significant error or loss and/or misappropriation. | Significant improvement is required to address key risks before business objectives can be achieved. |

## RISK RATINGS

| Priority | Categories recommendations according to their level of priority. |
|---|---|
| 1 | Critical risk issues for the attention of senior management to address control weakness that could have significant impact upon not only the system, function or process objectives, but also the achievement of the organisation's objectives in relation to:<br>• The efficient and effective use of resources<br>• The safeguarding of assets<br>• The preparation of reliable financial and operational information<br>• Compliance with laws and regulations. |
| 2 | Major risk issues for the attention of senior management to address control weaknesses that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisational objectives. |
| 3 | Other recommendations for local management action to address risk and control weakness that has a low impact on the achievement of the key system, function or process objectives ; or this weakness has exposed the system, function or process to a key risk, however the likelihood is this risk occurring is low. |
| 4 | Minor matters need to address risk and control weakness that does not impact upon the achievement of key system, function or process or process objectives; however implementation of the recommendation would improve overall control. |

| Ref. | Findings and Risk | Priority | Recommendations | Accepted | Management Response and Responsibility | Target Date |
|---|---|---|---|---|---|---|
| 8.3 | The quarterly GLA Group Monitoring report does always not state the justification for any changes to KPIs. Stakeholders may not be aware of why a KPI has been revised. | 3 | The commentary section of the quarterly GLA Group Monitoring report routinely contains details of any performance indicator that have been revised together with the reasons for the revision. | Yes | Agreed – a brief rationale will be provided.<br><br>Responsibility: Head of Governance & Resilience | Q3 report in March 2014 |
| 8.5 | There is a need to review the relevance of each KPI at the year-end to ensure that they have properly reflected the Mayoral priorities. | 2 | As part of the annual refresh of the GLA's business plan, a review is carried out to check that each KPI has properly and accurately reflected Mayoral priorities. | Yes | Agreed – this will happen as planned.<br><br>Responsibility: Head of Governance & and Assistant Director of Intelligence | Beginning of new financial year – April 2014 |
| 9.5 | Systems used to produce performance data are not being reviewed periodically by the performance and data owners to give assurance on the accuracy and completeness of the data provided.<br><br>Given the level of reliance placed on the volume of performance data provided there is a risk that inaccurate progress may be reported and/or areas of improvement are not identified and addressed. | 2 | Performance and data owners are reminded of the need to ensure that the data they produce is accurate and in line with the data quality framework and GLA statistics protocol. Assurance should be provided to the Governance and Resilience Unit via a self-certification box, added to end of year data collection forms. | Yes | Agreed – a self-certification box will be added.<br><br>Responsibility: Head of Governance & Resilience | Q4 report in July 2014 |
| 10.3 | The IPB notes progress on GLA projects but evidence of discussions of progress and in particular for those projects that are red or amber rated is not retained. | 3 | The IPB review of performance is reflected in the minutes of the meeting and agreed actions to address any areas of concern/for improvement recorded and progress tracked. | Yes | Agreed – where actions are discussed, they will continue to be recorded in the minutes.<br><br>Responsibility: Head of Governance & Resilience and Head of Committee & Member Services | Next IPB meeting on 17 December 2013 |