

Glasgow City Council Internal Audit Section

Committee Summary

Financial Services – Performance Management

1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of Performance Management within Financial Services (FS).
- 1.2 Managing performance is important for governance and accountability. It helps the Council to deliver its strategic and operational objectives; achieve Best Value; and can help to demonstrate that it is delivering efficient and effective services. Having effective performance management arrangements provides an important mechanism for scrutinising performance, identifying potential areas for improvement and in driving decision making. This includes operational arrangements for measuring performance within services.
- 1.3 Financial Services has a key role in ensuring that the financial resources of the council are managed robustly, and that the council has a financial strategy to deliver the Grand Challenges, Missions and Commitments as set out in the Council Strategic Plan 2022 to 2027. The key objectives of the Service are outlined in the Annual Business Plan and the Financial Services Leadership Team (FSLT), who meet four weekly, are responsible for monitoring performance in line with this and ensuring its delivery.
- 1.4 Operational performance management focuses on measuring day-to-day activities to ensure they align with expected standards and that services are delivered effectively. This forms the basis for strategic performance management by providing the data and insights needed to monitor and assess progress toward broader strategic and operational objectives and was the main focus for this review.
- 1.5 The purpose of this audit was to gain assurance that there are adequate controls in place for operational performance management processes within FS. The scope of the audit included:
 - Indicator Selection.
 - Review and update processes.
 - Escalation arrangements.
 - Reporting and oversight.
 - Target setting.
 - Validation and verification arrangements.

2 Audit Opinion

- 2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and one recommendation which management should address.

3 Main Findings

- 3.1 We are pleased to report that the key controls are in place and generally operating effectively. Decisions on which key performance measures are to be tracked, and targets set are reviewed and determined by the Finance Services Leadership Team (FSLT) as part of the preparation of the Annual Business Plan presented to the Wellbeing, Equalities, Communities, Culture and Engagement City Policy Committee.
- 3.2 Throughout the year, monthly reports are prepared by Heads of Service (HoS) and presented at FSLT meetings, where performance is discussed and reviewed to ensure that tracked measures remain reflective of strategic and service objectives, remaining fit for purpose and on target.
- 3.3 The FSLT comprises Financial Services' HoS alongside the Executive Director of Financial Services and the Director of Financial and Business Services. As such, any issues with performance are reviewed and addressed at the highest level, with the option to escalate to Committee through the annual business plan.
- 3.4 FSLT meeting minutes are published regularly on the Council Intranet, summarising the discussion that takes place at each meeting, including a review of the updates relating to the performance reports produced and presented by each HoS within Financial Services. Annually, performance is also presented to the Wellbeing, Equalities, Communities, Culture and Engagement City Policy Committee by the Executive Director of Financial Services.
- 3.5 As part of the preparation for the Annual Business Plan, the FSLT review the performance indicators that are measured, assessing them for usefulness, appropriateness and the value they provide to the service. Appropriate targets are also agreed at this time.
- 3.6 Whilst Financial Services has a mainly robust system in place for selection, review and reporting of key performance indicators, we did identify some areas for improvement.
- 3.7 The Council has a Performance Manual in place which provides guidance on the preparation and presentation of performance data. Whilst the standard presentation of data

for FSLT is based on this manual, it was noted that, of the 24 numeric indicators rated, Red, Amber, Green (RAG) status was not correctly applied in one case (4%), although the reported numeric data was correct.

- 3.8 Reports provided by HoS include sections for management commentary, next steps, and actions to be taken where performance is not meeting expectations. However, of the seven indicators rated Red or Amber, one instance (14%) had no specific recovery plan or action was identified to demonstrate how performance would be improved. In addition, there was no reference within the meeting minutes to evidence that underperformance had been discussed.
- 3.9 An action plan is provided at section four outlining our observations, risks and recommendations. We have made one recommendation for improvement. The priority of the recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	1
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.10 The audit has been undertaken in accordance with the Global Internal Audit Standards in the UK public sector.
- 3.11 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.12 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the action contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Performance information being reported can be relied upon for decision making purposes.				
1	<p>The Council's Performance Manual sets out clear criteria for the application of RAG status, with ratings determined by the extent to which performance is reflective of targets.</p> <p>While performance scores were calculated and recorded accurately, there were a small number of instances where the RAG status had not been applied consistently with the criteria outlined in the manual.</p> <p>Also, there was one instance where no recovery plan was documented within the submitted monthly report, and there was no evidence that recovery actions had been discussed through review of the relevant FSLT meeting minutes.</p> <p>The inconsistency in RAG application and absence of a documented recovery plan may indicate a gap in the current review process and may limit assurance that underperformance is being actively managed.</p>	<p>Management should ensure that officers comply with the Performance Manual and use the RAG status criteria in a consistent manner, particularly where performance is close to threshold boundaries.</p> <p>Additionally, management should ensure that officers adequately report recovery plans within monthly reports and where relevant, reference these discussions (and any corresponding actions) within FSLT meeting minutes.</p>	Medium	<p>Response: Accepted</p> <p>Officer Responsible for Implementation:</p> <p>Heads of Service will be reminded of the importance of consistently applying RAG ratings accurately and clearly documenting recovery actions within monthly performance reports, in line with the Performance Manual.</p> <p>Where performance issues are significant, discussions and agreed action will be recorded within FSLT minutes.</p> <p>Officer Responsible for Implementation: FS Head of Governance & Change</p> <p>Timescales for Implementation: 30 April 2026</p>

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