

SAINT HELENA **AUDIT SERVICE**

REVIEW OF PERFORMANCE INDICATORS



FINAL VALUE FOR MONEY REPORT December 2011

V28

Value for Money audits are conducted by the Audit Service on behalf of the Legislative Council, in order to determine whether St Helena Government resources have been used with proper regard to economy, efficiency and effectiveness.

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Report Distribution: Directors, Chief Secretary, Financial Secretary, Legislative Council, Public Accounts Committee and Audit Committee.

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EXECUTIVE SUMMARY

The Saint Helena Government (SHG) uses performance indicators as an important mechanism to measure success over a given period of time. The success of the activities and expenditure of the public service cannot be measured in terms of profit but is based on the achievement of specific objectives set by management. We hope that the recommendations made in this report will help to strengthen the performance management system within SHG and provide a foundation on which management and key stakeholders can assess whether VFM is being achieved.

Our review of performance indicators mainly focused on the indicators used by directorates for the current financial year 2011-2012. We assessed whether they were fit for the purpose for which intended i.e. that they measured the performance of government activities in relation to the strategic policy framework. The review focused on key three elements:

- I. The structure of the indicator was sufficiently robust to reduce the risk of misinterpretation and manipulation. This was done by considering whether the indicators met the criteria of SMART i.e. Specific, Measurable, Achievable, Relevant and Time bound;
- II. The performance indicator measured the objectives set by directorates; and
- III. We considered the environment in which the indicators are set, which included the monitoring and reporting of performance indicators.

Based upon the work undertaken and the findings detailed in the body of this report, we have concluded that the performance indicators established by SHG are inadequate to enable management and key stakeholders to determine the performance of SHG in achieving its objectives.

INADEQUATE

Management arrangements are not considered to be adequately conducive to achieving maximum Value For Money.

There are a number of substantial implications of operating under poor performance indicators. One of the key risks is the failure to correctly measure outcomes. This in turn increases the risk of misinformed decisions being made.

In summary only 122 performance indicators out of 371 were considered to be satisfactory indicators. We have concluded that this is a critical weakness in the performance management system and that significant work needs to be carried out on performance indicators to make it an effective tool to help measure the performance of SHG.

Recommendations 1 – 6 focus on immediate actions to be taken that will improve the structure and focus of performance indicators, away from merely measuring the achievement of actions but towards measuring the achievement of wider objectives. Recommendations 8 -11 are targeted at the reporting and monitoring stages of performance indicators and these are to ensure that the environment in which these indicators operate allows these indicators to be as useful and effective as possible.

Full details of our findings and conclusions are found in the body of this report.

The assistance given by all SHG staff and third parties is appreciated. A list of those involved is included at Appendix B.

1. FINDINGS AND CONCLUSIONS

Introduction

- 1.1 Most commercial enterprises measure their success based on profit and other related financial measures, like the increase in earnings and share value. SHG cannot measure itself based on the increase in profits and earnings or the maximisation of shareholder wealth, SHG success must be measured through other quantifiable means.
- 1.2 The Policy Framework and the Performance Management System (PMS) of SHG has changed considerably over the past two strategic planning periods and SHG now has one vision, supported by three national goals. The three goals are supported by 10 strategic objectives and 41 sub objectives. SHG directorates work towards meeting the objectives set out in the policy framework. Individual directorates have set key objectives for the next three consecutive financial years, defining their purpose.
- 1.3 Our understanding of performance within SHG is vital to achieving Value for Money (VFM). This has become especially apparent in this time of world economic crisis and cuts in public spending, in an effort to recognise where best to place limited funds in order to achieve the goals and vision of SHG. This means that accountability of directorates to perform and deliver what they have set out to deliver within the funds provided is critical to management, politicians and donors in making informed decisions and choices.
- 1.4 The duties of management in simple terms within this PMS are to:
- identify directorate objectives that align with the overall objectives of SHG;
 - assess the risks to achieving these objectives and devise mitigation and action plans to provide reasonable assurance that the objectives will be met;
- manage resources to implement the action plan; and
 - review and monitor the implementation of action plans to identify any changes that may be needed.
- 1.5 The review and monitoring of the achievement of objectives is an important duty of management. This ensures that changes are made to planned actions in a timely way that will mitigate the risk of not achieving the objectives.
- 1.6 The function of a Performance Indicator (PI) is to measure the achievement of the objective. In other words the PI will demonstrate to management and other key stakeholders whether the objective was achieved or not. For example; the objective of an organisation is to increase the proportion of secondary school leavers entering into tertiary education. The most appropriate performance indicator that would signify whether there was an increase would be the % of secondary school leavers entering into tertiary education.
- 1.7 This is a simple example but demonstrates a fundamental concept, that the PIs should measure the achievement of the objective. This will ensure that management and other key stakeholders have the right information on performance to make informed decisions.
- 1.8 Each SHG directorate with the exception of the Access and Shipping Directorate have a strategic plan that sets out the directorate's objectives and how they plan to achieve these over a three year period. Each of the directorate's objectives should be aligned to the policy priorities of SHG as a whole.
- 1.9 For this reason directorates have set PIs to measure the achievement of their specific objectives. This in turn will provide SHG with assurance that overall strategic objectives and goals are being met.

Performance Indicators

- 1.10 Our audit review looked at the PIs of all directorates in SHG with the exception of Access and Shipping directorate. There are 371 performance indicators in the current financial year, 2011-2012. In the previous financial year there were over 500 performance indicators across SHG. A summary of the number of performance indicators held across SHG is found at Appendix D.
- 1.11 We have concluded that there are too many PIs in SHG and as a result they are difficult to manage and can discourage regular monitoring because the task becomes tedious and time consuming. The focus should be on Key Performance Indicators (KPIs). In the majority of cases directorates have chosen to set PIs for minor areas rather than to measure key objectives such as the number of tourists to the Island or the increase in Island vegetable production. This increases the risk of redirecting the focus of management away from achieving key objectives.
- 1.12 In many instances it was found that inappropriate objectives were set by directorates that resulted in inappropriate performance indicators being established to measure success. As an example the Infrastructure and Utilities Directorate had the following objective “to seek funding for a wastewater treatment plant in Jamestown.” This is considered to be an action and when achieved it will support a wider objective such as: to reduce the level of untreated water being discharged into the ocean.
- 1.13 Some objectives had a double barreled meaning, the objective was actually two separate objectives. It was then difficult to establish what the directorate’s objective was and subsequently what should have been measured. An example of this was in the Education Directorate where there was an objective to: “Develop an appropriately skilled and qualified workforce through strengthened Adult and Vocational Education and Training.” Should the performance indicator measure whether the Adult and Vocational Education and Training were strengthened or the development of the workforce? We have recommended that clear objectives are set by directorates that reflect precisely what management want to achieve (See Recommendation 1). This will provide a clear basis on which to set appropriate PIs.
- 1.14 Our assessment of PIs included a SMART analysis i.e. Specific, Measurable, Achievable, Relevant and Time bound. This determined which PIs and targets were SMART. Out of the total performance indicators, 159 representing 42.9% of performance indicators across SHG were not considered SMART. This was due primarily to the fact that they were not specific and therefore not measurable; although in some cases it was a lack of an appropriate timeframe for achievement that made the indicator and target inappropriate. We conclude that these performance indicators are unusable to determine the performance of directorates. Subsequently, we have made a recommendation to this effect: That all performance indicators and targets across SHG should be SMART (See Recommendation 2).
- 1.15 In basic terms, the implications of not having SMART targets are that they are open to misinterpretation or manipulation. They therefore, cannot be relied upon to provide adequate information to support improvement or to compare performance year on year or across directorates. PIs should be robust and unambiguous, so giving reasonable assurance that the results that they produce are accurate and are a gauge of the achievement of the objective.
- 1.16 Our assessment covered whether PIs are ‘fit’ for the purpose for which they were intended. In other words, will the PIs provide management and other key stakeholders with an indication of the

performance of the directorate in meeting the objectives of SHG. We have found that 206 indicators representing 55.5% of the total PIs were not fit for the purpose intended. This is a substantial proportion of the indicators of SHG. We conclude that these PIs are unusable to assess the performance of directorates.

1.17 PIs that were considered to be fit for purpose were those that measured the achievement of the objective and therefore the **outcome** rather than the implementation of an action or output. In many instances directorates chose to measure the achievement of actions rather than the achievement of objectives. For example the Human Resources Directorate have an objective: To provide development support and build capacity for future managers. Their indicator to measure the achievement of this objective is: Management training delivered on Code of Management policies and procedures. This is an action that the Directorate will implement which will be done in conjunction with others to achieve the objective of building the capacity for future managers. Whether this training is given will not guarantee that the objective is achieved and therefore it cannot be used to provide an indication of whether they have built capacity for future managers. A more appropriate indicator would be the number of potential managers moving to actual management positions within a given time period.

1.18 There is a clear definition between an output and an outcome. An output is the measured result of an action or process whereas an outcome is the degree of achievement or performance. In basic terms an output is the result of action and the outcome is the result of achieving an objective. We recommend that directorates ensure that where possible they measure the outcome rather than the outputs from actions (See Recommendation 3). The measurement of the implementation of actions can be monitored separate to PIs.

1.19 Further to this there were instances where directorates chose more than one indicator to measure the achievement of one objective. In all of these cases they failed to measure the outcome from the achievement of the objective. For example the Agriculture and Natural Resources Directorate use six indicators to measure whether there was an increase in local production of vegetables and coffee. The indicators were actions that management wanted to implement to provide some assurance that the objective had been met, however even if these actions were achieved there is not sufficient assurance that there was an increase in production. In this case the most appropriate indicator would be one that measured the volume of vegetables produced in a set period of time.

1.20 The use of more than one indicator is acceptable in instances where there is more than one outcome to measure. For example the Education Directorate uses five indicators to measure the success of improving the educational attainment of students. The use of different indicators is appropriate as the educational attainment of student's can be measured at the different stages within the overall curriculum and would be inappropriate to measure the collective results of primary students and secondary students. We recommend that management ensure that PIs are set for key directorate strategic objectives and avoid using more than one PI where there is one key performance indicator that can be used (See Recommendation 4).

1.21 It was found that inappropriate targets were set for some performance indicators. For example the Corporate Procurement Directorate has an indicator as follows: "Number and degree of accuracy of reports." Their target is: "Statistical products meet user needs." The appropriate target would be a set number of reports with an accuracy of 95%-100%.

1.22 The guidance issued by the Public Sector Modernisation Programme Team in April 2009, defines a performance target as “...the intended quantified level of performance towards achieving the Department’s Strategic Objectives that is to be achieved by the department within a specified period of time.” In other words the target should be the desired outcome presented in the format required by the indicator, so that if the PI is for a percentage of accuracy then the target is a set percentage to be achieved in a set time period. We recommend that when setting PIs that the appropriate target is set that takes account of the format in which the information should be shown as stipulated by the performance indicator (See Recommendation 5).

1.23 Having considered these two particular elements of good PIs i.e. that they were SMART and fit for the purpose for which they were intended, we draw the conclusion that only 122 or 32.8% of the total performance indicators held are appropriate to use as measurements of performance. This is an important mechanism within the PMS and needs to be strong in terms of its ability of produce accurate, reliable and relevant information to management and stakeholders on the achievement of objectives. For this reason we recommend that an independent review should be undertaken when they are set, as a control to reduce the risk of misinterpretation or manipulation (See Recommendation 6).

1.24 The Saint Helena Audit Service will be providing all directorates with detailed analysis of their PIs. Where necessary we will meet with directorates to discuss the recommendations in the context of their individual performance indicators.

Generic Performance Indicators

1.25 PIs were reviewed for any that were similar in nature. Eight directorates had PIs in respect of training and development of staff. A common indicator was % of staff

training needs met. This PI is considered good and demonstrates the commitment of management not only to providing training to staff but to ensure that their needs were met. Finance Directorate, Internal Audit Office and Saint Helena Audit Service have a similar indicator: The number of CAT exam passes in the year.

1.26 Generic PIs are useful tools for management and other key stakeholders. They act as comparators for year on year results through internal review by management or can be compared against other directorates on a corporate level. We have identified a need for generic performance indicators to be monitored at the directorate and Corporate Management Team level (See Recommendation 7).

1.27 We have identified the following management functions as possible areas for setting performance indicators, these would need to be discussed and agreed at a Corporate level:

- Compliance with regulations – How are departments managing non-compliance risks;
- Budget variance - How are departments ensuring that services are delivered within budgets;
- Sick leave and absences - How are departments managing sick leave and absences;
- Training and Development – How are directorates managing the training needs of staff;
- Timely response to internal and external requests - Management of internal and external customers; and
- Employee Turnover – How are directorates managing staff.

1.28 These generic performance indicators focus on specific management areas that demonstrate performance of directorates in managing resources rather than measuring the achievement of business objectives. However, this in no way diminishes the importance of these indicators as they directly correlate to the delivery of the

services within the directorate and across SHG.

Internal Information Systems

1.29 Internal information systems are the series of specific actions taken by management that will identify record and relay information for monitoring and action by management for specific performance indicators. Our review was performed to ascertain whether appropriate systems were being used that would produce the information required. Our review also covered whether:

- the appropriate information was being monitored;
- how easily can the relevant information be produced; and
- how is this information reported.

1.30 We reviewed a sample 64 of internal information systems across directorates. It was found that there were no systems in place for eighteen PIs, and a further four systems were found to be inadequate to produce the necessary information required for the performance indicators. This means that out of the sixty four systems chosen we can conclude that only 39.1% of these performance indicators can be reported against.

1.31 Our conclusion is based on the fact that a large proportion of performance indicators are actions and therefore will not have a system that will measure performance over a period of time, as there will be only 'one off' results that can be measured. Appropriate systems can only be established when appropriate performance indicators are set by management. We recommend (See Recommendation 8) that management establish appropriate internal information systems that produce the necessary information for each performance indicators set. In addition to this, each system should have the following features:

- be a documented system with a clearly defined structure;

- clear definition as to how the indicator should be calculated;
- clear responsible officer(s) assigned to input data, verify data and produce the results; and
- have a clear reporting link to management.

1.32 We will discuss areas for improvements to some systems directly with management on an individual basis.

Reporting against Performance Indicators

1.33 It was found that some Directorates did not monitor their performance against the indicators on a regular basis. It is important that this function be carried out by management to:

- identify whether the actions that they are implementing are sufficient to achieve the objectives set;
- identify any remedial actions to alter the adverse expected outcomes;
- identify mitigating actions that could further reduce the risk of not achieving the directorate's objectives; and
- implement changes to performance indicators or their targets.

1.34 We recommend that the Senior Management Team within each directorate regularly meet to carry out the function described in paragraph 1.33 (See Recommendation 9). These meetings will provide a forum that allows management to consider day-to-day operational activities in the context of the high level objectives and KPIs.

1.35 It was found that in some directorates, management were working towards other documents and were monitoring other PIs different to those stated in the Directorate Strategic Plans. The Performance Report for quarter 1 of 2011-2012 financial year produced by the Strategic Policy and Planning Unit (SPPU) extracted performance indicators from Directorates Strategic Plans. Directorates should inform

SPPU immediately when they amend PIs (See Recommendation 9). This will ensure that there is consistency in monitoring the performance against PIs by all stakeholders.

- 1.36 Directorates should update PIs so that they align where possible with the PI contained in performance reports sent to external donors (See Recommendation 10). This will ensure that the directorate is working towards common objectives and measuring their achievement consistently.

Performance Report

- 1.37 A Performance Report was issued by the SPPU that covered the final quarter of 2010-2011. Our review of this report considered the number of PIs being monitored at the corporate level and what benefit these indicators would bring to key stakeholders. We also reviewed the Performance Report covering the first quarter of 2011-2012 and considered the same areas. There are 124 performance indicators contained in the Report. We concluded that the reports contained too many PIs to enable clear conclusions to be drawn by management and key stakeholders.

- 1.38 We found that many of the PIs in this report were not of a strategic level. For example: the number of books restored by the Archives section of Secretariat was a minor area and did not directly indicate the achievement of any of SHG's strategic objectives. These PIs have been taken directly from Directorate Strategic Plans. We recommend that the Corporate Management Team agree collectively as a body the key PIs that should be included in the Performance Report that where possible directly measures the achievement of SHG's strategic objectives. In addition to this we recommend that consideration be given as to the information required by key stakeholders (that includes Members and external donors) to allow them to make informed decisions (See Recommendation 11).

Conclusion

- 1.39 The Performance Management System within SHG is a key management system. It is vital in three key ways (although there are many other advantages):

- SHG cannot measure its success based purely on financial terms like increased profit;
- It is an important tool in establishing whether SHG is achieving value for money;
- It enables management and key stakeholders to make informed decisions around the placement of limited funds; and
- Provides an environment of accountability of directorates to Members, external donors and the general public in the spending of public funds.

- 1.40 PIs are an important feature of this system. Our review of the PIs across SHG considered whether the PIs and targets were SMART and whether they were fit for the purpose for which they were intended. Our conclusion is that only 15.1% of PIs are usable as indicators of the achievement of objectives. We have made four recommendations to management with regards to improvements that can be made to PIs. In most instances management set PIs that were actions or that measured the implementation of actions rather than setting indicators that measured the outcomes from objectives.

- 1.41 As part of this review we also considered the environment in which these indicators exist. Based on our findings we recommend that an independent review be conducted on PIs as part of the strategic planning process to reduce the risk of having inappropriate indicators in place. We also reviewed the Performance Report produced by the SPPU and concluded that there were too many indicators to enable a clear conclusion to be drawn on the achievement of SHG's

strategic objectives. To this we recommend that Corporate Management Team agreed the key performance indicators that should be included in this report.

- 1.42 The internal information systems in place to produce the appropriate information to report against these indicators were also reviewed. It was found that only 39.1% of performance indicators had the appropriate information system established. We also found that some directorates were not holding regular meetings to discuss the PIs or that some directorates were working towards different PIs than those stated in their strategic plans. We made seven recommendations to management on improvements to the performance management environment.
- 1.43 We conclude that in their current state the PIs across SHG will not provide management and key stakeholders with an indication as to the achievement of objectives set to enable them to make informed decisions. Our overall opinion is that the performance indicators and the environment in which they operate are 'inadequate', meaning that management arrangements are not considered to be adequately conducive to achieving maximum VFM. It cannot be determine whether funding has been spent effectively, efficiently or with due regard to economy to achieve the objectives of SHG because a large proportion of performance indicators are not suitable.
- 1.44 A detailed analysis of each individual performance indicator will be provided to Directorates to enable management to understand the recommendations made in this report in relation to their performance indicators. The Audit Service will be available to discuss the results of this audit with Directorates to provide clarification where applicable and give advice and guidance if it is required.

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
1	<p>Our testing revealed that unclear objectives were being set by management. Forty two objectives were found where it was difficult to establish what the objective of the Directorate was. This provided an uncertain basis for setting the performance indicator.</p> <p>We have recommend that clear objectives are set by directorates that reflect precisely what management want/able to achieve rather than what they would like to achieve.</p>	Directors	High	March 31 st 2012	Agreed
2	<p>All PIs and targets were reviewed. It was found that not all were SMART (i.e. Specific, Measurable, Achievable, Relevant and Timed).</p> <p>It is essential that SMART targets are set to ensure that:</p> <ul style="list-style-type: none"> a) The performance of the directorate can be appropriately assessed based on the achievement of the objective which they measure; and b) They are not open to misinterpretation to manipulation. <p>We recommend that all future PIs and</p>	Directors	High	March 31 st 2012	Agreed

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
	targets set by SHG Directorates are SMART.				
3	<p>PIs that were considered to be fit for purpose were those that measured the achievement of the objective and therefore the outcome rather than the implementation of an action or output.</p> <p>We have found that 206 indicators representing 55.5% of the total PIs were not fit for the purpose intended. This is a substantial proportion of the indicators of SHG. We conclude that these PIs are unusable to determine the performance of directorates.</p> <p>We recommend that directorates ensure that where possible they measure the outcome rather than the outputs from actions.</p>	Directors	High	March 31 st 2013	Agreed, but over longer time frame.
4	<p>There were instances where directorates chose more than one indicator to measure the achievement of one objective. In all of these cases they failed to measure the outcome from the achievement of the objective.</p> <p>We recommend that management ensure that PIs are set for key directorate strategic objectives and avoid using more than one PI where</p>	Directors	High	March 31 st 2012	Agreed

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
	there is one key PI that can be used.				
5	<p>It was also found that inappropriate targets were set for some PIs. In these cases it was found that either the target was for a different indicator or that the unit of measurement was different.</p> <p>We recommend that when setting PIs that the appropriate target is set that takes account of the format in which the information should be shown as stipulated by the PI and the correct unit of measurement is used.</p>	Directors	High	March 31 st 2012	Agreed
6	<p>We draw the conclusion that only 122 or 32.8% of the total PIs held are appropriate to use as measurements of performance. This is an important mechanism within the PMS and should be strong in terms of its ability of produce accurate, reliable and relevant information to management and stakeholders on the achievement of objectives.</p> <p>We recommend that an independent review should be undertaken when PIs are set, as a control to mitigate the risk of setting inappropriate indicators that will to misinterpretation or manipulation.</p>	Internal Audit	High	March 31 st 2013	Agreed
7	We have identified a need for generic PIs	CMT	Medium	March 31 st 2012	Agreed

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
	<p>to be monitored at the Directorate and Corporate Management Team level.</p> <p>We recommend that the Corporate Management Team agree generic PIs that can be used by Directorates to monitor year on year results or make a comparison of results between Directorates.</p> <p>These generic PIs should cover the following management areas:</p> <p>a) Compliance with regulations; b) Budget variance; c) Sick leave and absences; and d) Training and Development.</p>				
8	<p>It was found that there were inappropriate internal information systems established by management that will not produce the relevant information required by management to report against the performance indicators set.</p> <p>We recommend that management establish appropriate internal information systems that produce the necessary information for each performance indicator set. In addition to this, each system should have the following features:</p>	Directors	High	March 31 st 2012	Agreed

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
	<ul style="list-style-type: none"> a) Be a documented system with a clearly defined structure; b) Clear responsible officer(s) assigned to input data, verify data and produce the results when required; and c) Have a clear reporting link to management. 				
9	<p>It was found that some Directorates did not monitor their performance against the indicators on a regular basis.</p> <p>We recommend that the Senior Management Team within each Directorate meet on a regular basis to discuss the progress made in achieving the objectives set through reporting against the PIs.</p> <p>Their meeting can be incorporated into monthly management meetings and their discussions should include but not be limited to the following:</p> <ul style="list-style-type: none"> a) Identify whether the actions that they are implementing are sufficient to achieve the objectives set; b) Identify any remedial actions to alter any adverse expected outcomes; c) Identify mitigating actions that could further reduce the risk of not 	Directors	High	March 31 st 2012	Agreed

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
	<p>achieving the Directorates objectives; d) Implement changes to PIs or their targets.</p>				
10	<p>It was found that in some Directorates, management were monitoring other PIs different to those stated in the Directorate Strategic Plans.</p> <p>We recommend that:</p> <ul style="list-style-type: none"> a) Where Directorates report to external donors on key performance indicators that they align the PIs in their strategic plan to reflect the indicators that they are monitoring; and b) Directorates should inform SPPU immediately when they agree any changes to performance indicators (whether through updates from external donors or through their own review and monitoring systems) to enable them to update the Corporate Performance Report where necessary and provide guidance on the suitability of the changes. 	Directors	High	March 31 st 2012	Agreed
11	<p>We found that many of the PIs in the Performance Report produced by the</p>	Directors	High	March 31 st 2012	Agreed

	RECOMMENDATION	Officer responsible for implementation	Priority	Implementation expected to be complete by: (Month, Year)	Management Comments
	<p>SPPU for both the last quarter of 2010-2011 financial year and the 2011-2012 financial year were not of a strategic level.</p> <p>We recommend that the Corporate Management Team agree the key PIs that should be included in the Corporate Performance Report that where possible directly measures the achievement of SHG's strategic objectives.</p> <p>This will reduce the number of PIs and provide a more comprehensive but concise document for key stakeholders.</p>				

APPENDIX A**SCOPING AND RESOURCING**

The objective of the audit was to examine whether the performance indicators held across Saint Helena Government were effective and could be relied upon to determine the performance of SHG.

The Audit Service undertook the following work:

- A review all strategic plans and extraction of all performance indicators;
- An assessment of whether all performance indicators were fit for the purpose for which they are intended;
- An assessment of whether all performance indicators and targets were SMART (i.e. Specific, Measurable, Achievable, Relevant and Time bound) in 2011-2014 strategic plans;
- Review how a sample of the 2011-2014 strategic plan performance indicators were calculated and assess whether adequate internal systems and information is available to monitor progress and whether the directorate will be able to carry out a performance evaluation at the end of the financial year based on the performance indicators; and
- A review of the environment in which the performance indicators operate.

APPENDIX B**LIST OF PERSONS CONSULTED**

The assistance given to the Audit Service by all those listed below during the course of the audit is acknowledged.

Names	Title	Directorate
Mrs Susan Obey	Director of Strategic Policy and Planning	Strategic Policy and Planning
Mr Robin Swaisland		Public Sector Modernisation Programme
Dr Corinda Essex	Director of Corporate Procurement	Corporate Procurement
Miss Alfreda Yon	Manager (Projects)	Corporate Procurement
Miss Susan Ellick	Senior Statistics Assistant	Corporate Procurement
Mrs Bronwen Yon	Senior Human Resources Officer (Work Force Planning)	Human Resources
Miss Cherie Dillon	Senior Human Resources Officer (Generalist)	Human Resources
Mr Derek Henry	Central Admin Manager	Secretariat
Mrs Gillian Francis	Acting Chief Secretary	Secretariat
Mr Darren Duncan	Director of Agriculture and Natural Resources	Agriculture and Natural Resources
Miss Andrea Timm	Agriculture Development Officer	Agriculture and Natural Resources
Mr Gerald Benjamin	Senior Fisheries Officer	Agriculture and Natural Resources
Miss Myra Young	Senior Forestry Officer	Agriculture and Natural Resources
Mrs Beverly Francis	Deputy Director of Education & Employment	Education and Employment
Miss Kerry Stevens	AVES Manager	Education and Employment
Mr Jeffrey Ellick	Deputy Chief of Police	Police Service
Mr Peter Coll	Chief of Police	Police Service
Mrs Carol George	Director of Health and Social Welfare	Health and Social Welfare
Mrs Lily Andrews	Senior Executive Officer Admin	Health and Social Welfare
Mrs Helen Lawrence	Assistant Secretary	Health and Social Welfare
Mrs Pamela Young	Director of Tourism	Tourism
Mr Anthony Kilner	Director of Finance	Finance
Mrs Enid Joshua	Head of Systems and Executive Support	Finance
Mrs Janatta Leo	Senior Executive Officer	Infrastructure and Utilities
Mr Martin Squibbs	Head of Water and Drainage	Infrastructure and Utilities
Mr George Mc Donald	Acting Manager of Roads	Infrastructure and Utilities
Mrs Brenda Stevens	Executive Officer (Energy Division)	Infrastructure and Utilities
Mr Kwaramba Mukarakate	Acting Head of Energy	Infrastructure and Utilities
Mr Neil Anthony	Generation Engineer	Infrastructure and Utilities

APPENDIX C

SUMMARY TABLE OF PERFORMANCE INDICATORS WITHIN EACH DIRECTORATE						
Directorate	Number Of Indicators	How Many Were Smart?	% That Were Smart	How Many Were Fit For Purpose	% That Were Fit For Purpose	Summary Evaluation
Police	19	8	42.1%	8	42.1%	The key indicators have been identified by Police and this is good. This is in relation to the measurement of a decrease in crime as an indicator of an increase in effectiveness of law enforcement. They have also chosen to measure the implementation of key infrastructure but this doesn't measure or indicate performance. These are actions to achieve a wider outcome. For example: quicker responses to emergencies, improve safety in prison, or improvements in service delivery.
Human Resources	15	6	40.0%	1	6.7%	The main reasons for not being SMART were the fact that some indicators were not specific and were left to individual interpretation. The majority of indicators were considered not adequate as they measured actions that HR wanted to do towards the achieving the objective in the year but did not measure the successfulness of the achievement of the objective. In some cases the performance indicator was an objective in itself.
Finance	40	26	65.0%	23	57.5%	There are several performance indicators that were set in respect of providing advice to Exco. This is a process or action and does not measure the outcome of the objective. These performance indicators also did not take into account quality of the advice or timeliness of delivery. There were other indicators that measured

SUMMARY TABLE OF PERFORMANCE INDICATORS WITHIN EACH DIRECTORATE						
Directorate	Number Of Indicators	How Many Were Smart?	% That Were Smart	How Many Were Fit For Purpose	% That Were Fit For Purpose	Summary Evaluation
						actions rather than outcomes.
Corporate Procurement	39	5	12.8%	20	51.3%	Performance Indicators and targets were not considered SMART mainly for the fact that they were not time bound. There were also targets that did not match the performance indicators set. Those that were considered fit for purpose took into account quality of information and measured the outcome from the implementation of objectives.
Education	21	6	28.6%	6	28.6%	In the majority of cases management set indicators to measure the implementation of actions rather than measure the outcome from objectives. There were instances where management measured registration on courses rather than the results of courses which fit in more with the purpose of the directorate. However, there were key performance indicators in respect of examination results that management set and this was fit for the purpose intended.
Tourism	25	21	84.0%	10	40.0%	Performance indicators were generally SMART and the targets matched the respective indicator. However, the indicators measure the implementation of actions rather than outcomes of the achievement of the departmental objectives. The key performance indicators such increase in the number of tourists, increase in repeat tourists, increase in tourist spending or increase in average stay

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Directorate	Number Of Indicators	How Many Were Smart?	% That Were Smart	How Many Were Fit For Purpose	% That Were Fit For Purpose	Summary Evaluation
						on island. These were not highlighted.
Health and Social Welfare	45	35	77.8%	22	48.9%	The majority of performance indicators were considered SMART, as their structure was appropriate and the targets were appropriately set. However, not all were considered fit for purpose as they relied on the implementation of specific actions as indicators of some high level objectives.
Agriculture and Natural Resources	71	55	77.5%	42	59.2%	A fair majority of the indicators and targets set by management were SMART. Those that were not SMART were because they either were not specific or not time bound. One of the main findings was that key performance indicators were not used to measure the outcome of key objectives. Many performance indicators were considered to be the measurement of actions rather than the measurement of outcomes.
Secretariat	21	10	47.6%	9	42.9%	The performance indicators measured actions rather than outcomes from objectives. In some instances the performance target did not match the performance indicators and rendered the performance indicator useable.
Infrastructure and Utilities	56	28	50.0%	12	21.4%	Half of the performance indicators were consider not SMART because in most cases the target did not match the performance indicator. Management chose to measure the implementation of action or

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						action plans they were not indicators of whether the overall objectives were achieved.
Strategic Policy and Planning	19	12	63.2%	12	63.2%	Many performance indicators were for implementing new legislation or changes to current policies. These are actions that management will carry out that they feel will influence the achievement of the objectives.
Totals	371	212	57.1%	165	44.5%	