



Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry

Kilmory, Lochgilphead, PA31 8RT
Tel: 01546 602127 Fax: 01546 604435
DX 599700 LOCHGILPHEAD
16 March 2018

SUPPLEMENTARY PACK

AUDIT AND SCRUTINY COMMITTEE – TUESDAY 20 MARCH 2018 AT 11.15AM
IN THE COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD

Please find attached herewith appendix 4, Leisure Management Report in addition to item 5 (**INTERNAL AUDIT REPORTS TO AUDIT & SCRUTINY COMMITTEE**) which was not available at time of publishing the agenda; an updated report in terms of item 9 (**DRAFT ANNUAL AUDIT PLAN 2017/18**), please disregard the one previously issued and a report in respect of item 11 (**COUNCIL PERFORMANCE REPORT – APRIL TO SEPTEMBER 2017**) which was marked “to follow” on the agenda.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

- 5. INTERNAL AUDIT REPORTS TO AUDIT & SCRUTINY COMMITTEE** (Pages 3 - 14)
Report by Chief Internal Auditor
- 9. DRAFT ANNUAL AUDIT PLAN 2017/18** (Pages 15 - 32)
Report by External Audit
- 11. COUNCIL PERFORMANCE REPORT - APRIL TO SEPTEMBER 2017** (Pages 33 - 42)
Report by Executive Director of Customer Services

Audit and Scrutiny Committee

Martin Caldwell (Chair)	Councillor Jim Findlay
Councillor George Freeman	Councillor Sir Jamie McGrigor
Councillor Julie McKenzie	Councillor Alan Reid
Councillor Sandy Taylor (Vice-Chair)	Councillor Andrew Vennard

Contact: Lynsey Innis, Senior Committee Assistant; Tel: 01546 604338

Argyll and Bute Council

Internal Audit Report

March 2018

FINAL

Leisure Management System

Audit Opinion: Substantial

	High	Medium	Low
Number of Findings	0	3	2

Contents

1. Executive Summary	3
Introduction	3
Background	3
Scope	4
Audit Opinion	4
Key Findings	4
2. Objectives and Summary Assessment	4
3. Detailed Findings	5
Appendix 1 – Action Plan	8
Appendix 2 – Audit Opinion	11

Contact Details

Internal Auditor: **Abbie Macalister**
Telephone: **01546 604272**
e-mail: **abbie.macalister@argyll-bute.gov.uk**

www.argyll-bute.gov.uk

1. Executive Summary

Introduction

1. As part of the 2017/18 internal audit plan, approved by the Audit & Scrutiny Committee in March 2017, we have undertaken an audit of Argyll and Bute Council's (the Council) and LiveArgyll's (the Trust) system of internal control and governance in relation to the Leisure Management System.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council and trust officers and the information available at the time the fieldwork was performed.
3. The contents of this report have been agreed with the appropriate officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. In October 2017, the Council's culture and leisure service was transferred to the Trust. The Trust is responsible for services including libraries, leisure facilities, Active Schools, archives, museum, sport development, halls, community centres and community lets. Bookings and payments for these services can be made by telephone or e-mail at any of the Trust's facilities and are processed using the SYX booking system.
5. The support services agreement between the Council and the Trust confirms the Council will provide the Trust a range of support services including:
 - revenue collection support and advice on cash/income processing and debtors
 - cash receipting service
 - debt recovery
 - VAT advice
 - general ledger services
 - IT support.
6. Payments to the Trust are processed through the Council's cash receipting system, bookings (not paid for in advance) are processed via the debtors system and all transactions are transferred to the general ledger system maintained by the Council. The Trust is set up in the general ledger system as a standalone company with its own cost centre coding structure.
7. The following four facilities were visited as part of audit:
 - Mid Argyll Sports Centre (MASC)
 - Corran Halls
 - Aqualibrium
 - Helensburgh Pool.

Scope

8. The scope of the audit was to review system controls, functionality and interface protocols. This included reviewing general system and governance controls, the booking and payment process and reviewing controls over interfaces between the booking system (called SYX) and other key financial systems. This scope was outlined in the Terms of Reference agreed with the General Manager of LiveArgyll on the 31 January 2018.

Audit Opinion

9. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
10. Our overall audit opinion for this audit is that we can take a **substantial** level of assurance. This means that internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.

Key Findings

11. We have highlighted three medium priority issues and two low priority issues where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - There is an ongoing system issue which is preventing certain users logging in to SYX. A workaround is in place however this involves users sharing logins and passwords. Whilst not ideal we recognise this is necessary, in the interim, to enable staff to perform their duties. LiveArgyll are liaising with the system supplier to rectify this issue.
 - Access to SYX is via a secure personal login however there is a secondary screen which allows a user to select a different user when operating the system.
 - Users are able to alter the default VAT classification at the point of sale.
 - The manual workaround process adopted if SYX is offline has not been formally documented.
 - There have been instances of reports and records being printed in the wrong facility which may constitute a breach of the data protection act.
12. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

13. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 1 – Summary Assessment of Control Objectives

Control Objective	Assessment	Summary Conclusion
System controls are in place in relation to the access, use and operation of the system.	Reasonable	Access to SYX is via a secure personal login. However, a secondary screen offers scope for users to select a different user when operating the system. There are ongoing issues with user access meaning users are sharing logins for business continuity purposes. It is recognised that LiveArgyll are in correspondence with the software supplier to rectify this issue.
Financial and management controls are in place and operating effectively.	Substantial	Income was held securely in all facilities visited and income reconciliations are carried out daily. Default VAT treatments are set up in the background of SYX, however there are occasions where users are erroneously changing the default VAT treatment at the point of sale.
There are appropriate and accessible policies/procedures in place in relation to the governance and operation of the system.	Substantial	There are various procedural documents available to staff, such as facility booking manual, point of sale manual and a system admin manual. If SYX is offline facilities are expected to follow a manual process. All facilities visited followed a similar manual process however this process has not been formally documented.
Documentation and system data is complete, accurate and compliant with the data retention policy.	Substantial	Customer records are available on the system and were found to be complete and accurate. There have been instances of records and reports being printed in the wrong facility, which may constitute a breach of the data protection act. These issues were due to human error when selecting the default printer.

14. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

System controls are in place in relation to the access, use and operation of the system.

15. A sound process is in place for the set-up of new users on SYX with only system administrators being able to create new users. User access rights were found to be appropriate.
16. Access to SYX is via secure personal login and users are prompted to change their passwords every 28 days. There is a clear audit trail maintained which records all booking modifications, the user making them and the time and date they were made.
17. There are ongoing issues with user access resulting in users sharing logins for business continuity purposes. LiveArgyll are aware of this issue and are actively trying to resolve it as a matter of priority through ongoing engagement with the Council's IT section and the SYX supplier. Whilst this represents a risk it is recognised that the workaround is required to allow officers to carry out their duties.

Action Plan 1

18. When a user logs in to SYX, a secondary screen is presented where the user should select their name to start a new shift. The selection of user is not restricted meaning a user could select a different user. This would compromise the integrity of the SYX audit trail.

Action Plan 2

19. There is a daily interface between SYX and the cash receipting system. This interface is not subject to any controls to identify errors however there is a daily reconciliation between SYX and the bank statement which would identify any interface errors. As part of the audit we reviewed six daily interface instances and confirmed there were no errors in the data transfer.

Financial and management controls are in place and operating effectively

20. Income is held securely and daily income reconciliations are carried out. Adequate segregation of duties is in place in relation to the handling and banking of income.
21. Default prices are set up in SYX which are updated annually to reflect agreed fees. A sample of 51 transactions were tested to ensure the price charged was in line with the published price list. One error was identified which we considered to be an isolated incident. It was brought to the attention of officers and immediately corrected.
22. VAT categories are set up in SYX by the system administration team. Although default VAT classifications are set up, users with relevant access rights can choose a different classification when processing a transaction. From the same sample of 51 the following errors were identified:
- six transactions had the correct default VAT classification but had been altered erroneously
 - one transaction had the incorrect default VAT classification in SYX
 - one transaction had the incorrect default VAT classification in SYX which had been altered to a different incorrect classification.
23. These errors were highlighted during the audit and the relevant officer issued an e-mail to all users to remind them not to alter the VAT classification. There may be benefit in the Trust investigating the possibility of locking the VAT field for all users bar system administrators.

Action Plan 3

24. Appropriate debt recovery processes are in place with customers reminded of debts in a timely fashion and informed that non-payment will mean they can no longer make bookings with the Trust.

There are appropriate and accessible policies/procedures in place in relation to the governance and operation of the system.

25. There are various procedural documents available to staff, such as the facility booking manual, point of sale manual and system admin manual. The suite of manuals are held on site, in office or reception and are accessible to all staff as required.
26. Face to face and online training sessions have been provided to staff. A group call system has been created to enable the system administration team to inform staff within the group of any changes/updates to the system or to provide support as required. The staff in the group then cascade this to operational staff in the relevant facility. There is also a leisure system inbox

where users can submit any issues they are having on the system with a team of officers who follow up on issues reported. Facilities confirmed these processes provided effective and timely support where issues were identified or new functionality introduced.

27. During periods of SYX downtime (e.g. when an update is being applied) facilities are expected to follow a manual process when taking bookings and payments. All facilities visited followed a similar manual process; however this process has not been formally documented.

Action Plan 4

Documentation and system data is complete, accurate and compliant with the data retention policy

28. Customer records are available on SYX and were found to be complete and accurate. There are instances of customer records and reports being printed in the wrong facility which may constitute a breach of the data protection act. These issues were due to human error when selecting the default printer.

Action Plan 5

29. There are mandatory fields required prior to a booking being saved in the system which include location site, sub location, background, date, time, cost and payment details. All bookings sampled were completed in full with an audit trail available to record any booking changes.

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Sharing SYX User Accounts</p> <p>There are ongoing issues with user access resulting in users sharing logins for business continuity purposes. LiveArgyll are aware of this issue and are actively trying to resolve it as a matter of priority. Whilst this represents a risk it is recognised that the workaround is required to allow officers to carry out their duties.</p>	Failure to ensure access to the system is personal and secure may lead to inappropriate use and a lack of accountability.	Ongoing action will address the user issues highlighted. Anticipated to be completed and fully compliant by 30 June 2018.	ICT Business Support Officer 30 June 2018
Medium	2	<p>Secondary User Screen</p> <p>When a user logs in to SYX, a secondary screen is presented where the user should select their name to start a new shift. The selection of user is not restricted meaning a user could select a different user.</p>	Failure to ensure access to the system is personal and secure may lead to the integrity of the system audit trail being weakened.	The functionality/way of working highlighted, has been raised with IT and the supplier SYX to find a possible alternative to the log in option originally configured and advised by system supplier.	ICT Business Support Officer 30 June 2018
Medium	3	<p>Default VAT Classification</p> <p>Errors in VAT classifications due to staff changing the default treatment were identified during the audit. Officers have been reminded not to change the default VAT treatment however there may be benefit in the Trust investigating the possibility of locking the VAT field for all users bar system administrators</p>	Failure to ensure VAT treatment is correct may lead to inaccurate VAT reporting resulting in financial loss or penalties from HMRC.	ICT BSO has raised this with SYX support and awaiting advice on how this functionality can be locked down to only allow central System Admin to ammend, only after authorisatiion from LiveArgyll SMT.	ICT Business Support Officer 30 June 2018

Low	4	<p>Documented Procedure for Manual Workaround</p> <p>During periods of SYX downtime (e.g. when an update is being applied) facilities are expected to follow a manual process when taking bookings and payments. This manual process has not been formally documented.</p>	<p>Failure to ensure guidance is communicated and readily available to staff may lead to inefficient and ineffective operations resulting in non-compliance with agreed practice.</p>	<p>Facility NOP (Normal Operating Procedure) downtime process to be expanded with any updates required to this documentation being co-ordinated by facility Area Operation Managers. All relevant NOP specific procedures to be updated and complete by 30 June 2018</p>	<p>ICT Business Support Officer</p> <p>30 June 2018</p>
Low	5	<p>Printing Issues</p> <p>There are instances of customer records and reports being printed in the wrong facility which may constitute a breach of the data protection act. These issues were due to human error when selecting the default printer.</p>	<p>Failure to ensure records are sent to the correct printer location may result in personal or confidential information being shared inappropriately.</p>	<p>This is not a system, but user error. Facility Management/Users have been made aware of the repercussions of not choosing correct printers at time of log in. To continue monitoring with additional training provided if/where required.</p>	<p>ICT Business Support Officer</p> <p>30 June 2018</p>

In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are a number of areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

This page is intentionally left blank

Argyll and Bute Council

Annual Audit Plan 2017/18



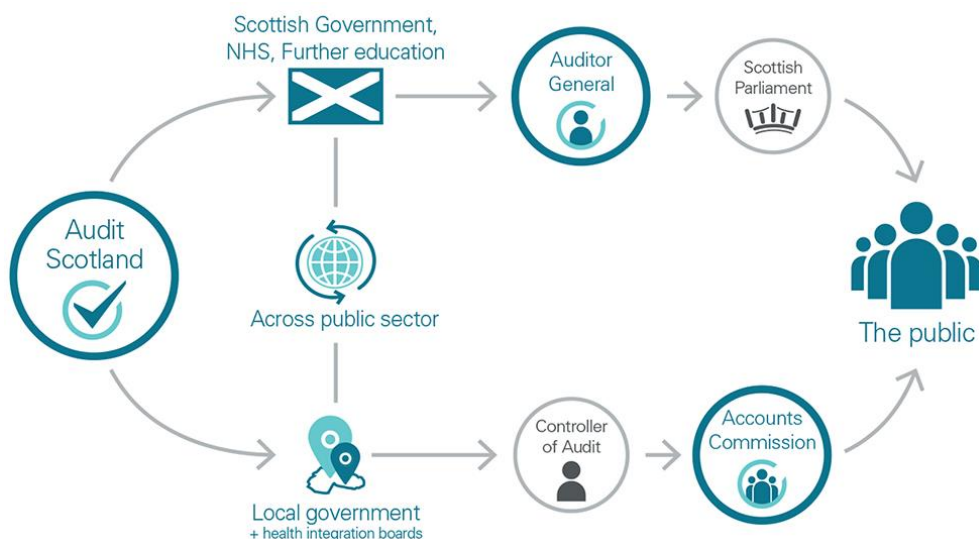
 AUDIT SCOTLAND

Prepared for Argyll and Bute Council
March 2018

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non – executive board chair, and two non – executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world – class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Contents

Risks and planned work	4
Audit risks	4
Charitable Trusts Administered by Argyll and Bute Council	8
Reporting arrangements	8
Audit fee	9
Responsibilities	9
Audit scope and timing	11
Financial statements	11
Materiality	11
Internal audit	13
Audit dimensions	14
Best Value	16
Independence and objectivity	17
Quality control	17
Adding Value	17

Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the Code of Audit Practice, and any other relevant guidance. This plan identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit, including the new approach to Best Value. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Audit risks

2. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for Argyll and Bute Council. We have categorised these risks into financial risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

Exhibit 1

2017/18 Key audit risks

Audit Risk	Source of assurance	Planned audit work
Financial statements risks		
1 Risk of management override of controls ISA 240 requires that auditors consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls to change the position disclosed in the financial statements.	Owing to the nature of this risk, assurances from management are not applicable in this instance.	Detailed testing of journal entries. Review of accounting estimates and evaluation of the impact of any variability in key assumptions. Focused testing of accruals and prepayments. Substantive testing of transactions after the year end to confirm income and expenditure is accounted for in the correct period. Evaluation of significant transactions that are outside the normal course of business.
2 Risk of fraud over income Argyll and Bute Council receives a significant amount of income in addition to Scottish Government funding. The extent and	The council has well developed processes for the authorisation, separation of duties and workflow associated with income	Testing of controls over receivables. Reliance on internal audit's continuous monitoring of

Audit Risk	Source of assurance	Planned audit work
<p>complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud that requires an audit response.</p>	<p>streams. Clear schemes of delegation and authorised signatory databases are regularly updated. Financial systems have built in automated authorisation processes to ensure the risk of fraud is minimised.</p> <p>The annual internal audit plan includes a continuous monitoring programme of testing across income systems.</p> <p>The council has an established Counter Fraud Team.</p>	<p>income controls.</p> <p>Review of arrangements to prevent and detect fraud.</p> <p>Analytical procedures on income streams.</p> <p>Detailed testing of income transactions, including cut-off testing, focusing on the areas of greatest risk.</p>
<p>3 Risk of fraud over expenditure</p> <p>Most public sector bodies are net expenditure bodies, therefore the risk of fraud is more likely to occur over expenditure, due to the variety and extent of expenditure in delivering services. Specific fraud risks relevant to public sector audit include welfare benefits, grants and other claims made by individuals and organisations on the public purse.</p>	<p>The council has well developed processes for the authorisation, separation of duties and workflow associated with expenditure transactions. Clear schemes of delegation and authorised signatory databases are regularly updated. Financial systems have built in automated authorisation processes to ensure the risk of fraud is minimised.</p> <p>The annual internal audit plan includes a continuous monitoring programme of testing across expenditure systems.</p> <p>The council has an established Counter Fraud Team.</p>	<p>Walk-through of controls over payables.</p> <p>Reliance on internal audit's continuous monitoring of expenditure controls.</p> <p>Review of arrangements to prevent and detect fraud.</p> <p>Analytical procedures on expenditure transactions.</p> <p>Detailed testing of expenditure transactions, including cut off testing, focusing on the areas of greatest risk.</p>
<p>4 Estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the following material account areas:</p> <ul style="list-style-type: none"> • non current assets (including heritage assets) • provisions (including equal pay claims) • pension liabilities. <p>This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<p>Non current assets are professionally valued on a regular basis in accordance with a predetermined schedule.</p> <p>Provisions are reviewed by finance officers in consultation with the council's legal service.</p> <p>Pension liabilities are derived from valuation calculations prepared by actuaries appointed by Strathclyde Pension Fund.</p>	<p>Completion of "review of the work of an expert" for the professional valuers and actuaries.</p> <p>Review of accounting estimates and disclosures.</p> <p>Additional assurances obtained from legal and HR officers in relation to provisions.</p> <p>Focused substantive testing of non-current assets, provisions and pension liabilities including data submitted by the council to actuaries.</p>

Audit Risk	Source of assurance	Planned audit work
<p>5 Libraries and Leisure Trust</p> <p>On 1 October 2017, most of the council's museum, library and sports centre operations were transferred to LiveArgyll, an arms-length trust. This means that it will have an initial part year with costs between 1 April and 30 September 2017 being accounted for through the council's community & culture services and costs between 1 October 2017 and 31 March 2018 being treated as a global management fee payable to the new trust. There is a risk that cumulative transactions and balances as at the handover date may not be correctly accounted for.</p> <p>Also, with the accounting period end only two months way, the new Trust has still to confirm the appointment of external auditors.</p>	<p>The council is expected to conduct a mini year-end exercise to confirm relevant transactions and balances at the start of the new trust's operations and to review the calculation of the management fee.</p>	<p>Review of the council's mini year-end exercise including accounting cut-off at the transfer date, and income/assets/liabilities transferred.</p> <p>Obtain component auditor controls assurances and financial statement confirmations for group financial statements audit purposes.</p>
<p>6 New housing benefits system</p> <p>The council has implemented a new housing benefit system from February 2018 and has transferred existing housing benefit data from the current Northgate system to the new Civica system. The new system will be used to prepare the housing benefit subsidy claim for 2017/18.</p> <p>As with all new systems there is a risk that there are errors in the data transfer and the initial financial information produced. As this information feeds into the financial statements and the housing benefit subsidy claim, this results in a financial statements risk.</p>	<p>Project on schedule and progressing as planned.</p> <p>Reconciliation of transferred data performed.</p>	<p>Review of project management methodology and of implementation plan.</p> <p>Review of the reconciliations between the closing Northgate and opening Civica systems.</p>
Wider dimension risks		
<p>7 Financial sustainability</p> <p>Councils are continuing to face significant financial challenges with pressures on funding and increasing demand for services, creating the need to fundamentally and sustainably reconfigure service provision.</p> <p>As at 22 February 2018, the</p>	<p>Continued delivery of Service Choices savings options which align available budget with the council's priorities.</p> <p>Transformation Board is overseeing the implementation of savings options, exploring shared services and other alternative service delivery</p>	<p>Review of the council's annual budget setting arrangements.</p> <p>Assessment of the council's medium to long term financial strategy.</p> <p>On-going review of budget monitoring reports and other reports to members on financial</p>

Audit Risk	Source of assurance	Planned audit work
<p>mid-range scenario of the council's three year Budget Outlook from 2018/19 to 2020/21 estimates a budget gap of £4.1 million for 2019/20, rising to £10.4 million in 2020/21, with a balanced budget position forecast for 2018/19.</p> <p>This represents a financial sustainability risk for the council as the level of necessary budget savings may adversely affect the level and quality of service provision. The council has recognised this risk as part of its risk management process.</p>	<p>models.</p> <p>Regular monitoring and reporting on the delivery of savings options.</p> <p>A medium to long term financial strategy has been developed and agreed by members.</p>	<p>position.</p> <p>On-going review of the council's financial position and delivery of planned savings.</p>
<p>8 Financial sustainability</p> <p>The developing financial position of the Argyll and Bute Integration Joint Board (IJB) may impact upon that of the council going forward. Latest forecast overspend for the IJB is £2.915m and the share of this apportioned to Argyll and Bute Council is £1.915m.</p> <p>Indications are that future IJB overspends will increase, despite savings plans being developed.</p>	<p>Recovery plan in place to address overspend.</p> <p>Partner bodies will agree on accounting treatment of residual overspend.</p>	<p>On-going review of IJB financial performance and delivery of savings.</p>
<p>9 Workforce planning</p> <p>Following from our 2016/17 annual audit report recommendation, the council is developing its strategic workforce plan which is a key element in the development of the council's medium to long term financial strategy and its service redesign plans. However, the plan is yet to be finalised for approval by the full council.</p> <p>Until the strategic workforce plan is finalised, the risk remains that the council may be unable to deliver its corporate strategy and service redesign plans due to any emerging skills and capacity gaps.</p>	<p>The strategic workforce plan is expected to be approved by the council in April, 2018.</p>	<p>Assessment of the strategic workforce plan once approved.</p>
<p>10 Governance and transparency</p> <p>In May 2017, the council formed a new Audit and Scrutiny Committee (ASC) by merging its previous Audit and Performance</p>	<p>Development sessions held for the ASC members.</p> <p>Experienced Chair of the previous Audit Committee and experienced Vice Chair</p>	<p>Attendance by external audit at all meetings of the ASC, to observe and monitor the level of scrutiny and overall effectiveness of the new</p>

Audit Risk	Source of assurance	Planned audit work
<p>Review and Scrutiny Committees. The working arrangements and dynamics of all new committees will take some time to settle. Also the Terms of Reference (ToR) for its scrutiny function are still in development.</p> <p>Until this is finalised and the scrutiny function commences, there is a risk that the combined committee is not operating effectively.</p>	<p>appointed.</p> <p>ToR for the scrutiny function will be agreed at the ASC meeting in March 2018.</p>	<p>combined committee.</p>

Charitable Trusts Administered by Argyll and Bute Council

3. The Charities Accounts (Scotland) Regulations 2006 specify the accounting and auditing requirements for Scottish registered charities. The council acts as the sole trustee to eight individual charitable trusts.
4. We will carry out the audit of the council's charitable trusts in parallel with the audit of Argyll and Bute Council's financial statements. There are no specific financial statements risks for these audits which we require to bring to your attention except for the risk of the management override of controls which is, according to ISA240, presumed to be a significant risk in any audit. This includes the risk of management override of controls to change the position disclosed in the financial statements. Planned audit work due to this risk will be proportionate to the size of the charitable trusts and will include a review of accounting estimates and substantive testing of transactions as appropriate to confirm that income and expenditure is accounted for in the correct period.
5. However, as noted in our report to those charged with governance on the 2016/17 audit:
 - Six out of eight trusts are dormant, and there may be a perception that they are not being run for the public benefit. Trustees should consider whether the trusts are fulfilling their objectives and whether they should be wound up. The council is continuing to conduct a review of all its charitable trusts but, until this is concluded, there remains a risk that the trustees are not fulfilling the terms of the trust deeds.
 - The council has decided not to recharge any administration costs to the trusts in 2016/17. This policy is disclosed in the Notes to the Accounts for all trusts. As a result the full costs incurred in administering the trusts are not known by the trustees.

We will follow up on these issues as part of this year's trust audits.

Reporting arrangements

6. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

7. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.
8. We will provide an independent auditor's report to Argyll and Bute Council and the Accounts Commission setting out our opinions on the annual accounts. We will provide the Council and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

Exhibit 2

2017/18 Audit outputs

Audit Output	Target date	Audit and Scrutiny Committee Date
Annual Audit Plan	March 2018	20 March 2018
Interim Audit Report	June 2018	19 June 2018
Annual Audit Report	September 2018	25 September 2018
Independent Auditor's Report	September 2018	25 September 2018

Audit fee

9. The agreed audit fee for the 2017/18 audit of Argyll and Bute Council is £255,454 (2016/17: £255,908). This includes £3,350 in respect of the separate audits required for the council's charitable trusts. In determining the audit fee we have taken account of the risk exposure of Argyll and Bute Council, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package by 29 June 2018.
10. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

Responsibilities

Audit and Scrutiny Committee and Accountable Officer

11. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.
12. The audit of the financial statements does not relieve management or the Audit and Scrutiny Committee, as those charged with governance, of their responsibilities.

Appointed auditor

13. Our responsibilities as independent auditor are established by the Local Government (Scotland) Act 1973 Act, and the Code of Audit Practice (including supplementary guidance), and are guided by the auditing profession's ethical guidance.

14. Auditors in the public sector give an independent opinion on the financial statements and other specified information accompanying the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Financial statements

15. The statutory financial statements audit will be the foundation and source for the majority of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of Argyll and Bute Council and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how Argyll and Bute Council will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

16. We will give an opinion on the financial statements as to:

- whether they give a true and fair view, in accordance with applicable laws and the 2017/18 Code of Practice on Local Authority Accounting in the United Kingdom (the 2017/18 Code), of the state of the affairs of the council and its group as at 31 March 2018 and of the income and expenditure of the council and its group for the year then ended
- whether they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 Code
- whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Materiality

17. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements on the financial statements and in forming our opinion in the auditor's report.

18. We calculate materiality at different levels as described below. The calculated materiality values for Argyll and Bute Council are set out in [Exhibit 3](#).



characteristics



responsibilities



principal activities



risks



governance arrangements

Exhibit 3

Materiality values

Materiality level	Amount
Planning materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross service expenditure for the year ended 31 March 2018, based on the audited accounts for 2016/17.	£4.07 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 60% of planning materiality.	£2.44 million
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of planning materiality.	£41 thousands

Source: Audit Scotland



19. We review and report on other information published with the financial statements including the management commentary, annual governance statement and the remuneration report. Any issues identified will be reported to the Audit and Scrutiny Committee.

Timetable

20. To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at [Exhibit 4](#) which takes account of submission requirements and planned Audit and Scrutiny Committee dates.

Exhibit 4

Financial statements timetable

 Key stage	 Date
Consideration of unaudited financial statements by those charged with governance	19 June 2018
Latest submission date of unaudited annual accounts with complete working papers package	29 June 2018
Latest submission date for unaudited WGA return	20 July 2018
Latest date for final clearance meeting with Head of Strategic Finance	29 August 2018
Issue of letter of representation and proposed independent auditor's report	18 September 2018

Agreement of audited unsigned annual accounts	18 September 2018
Issue of Annual Audit Report including ISA 260 report to those charged with governance	18 September 2018
Independent auditor's report signed	By 28 September 2018
Latest date for signing of WGA return	28 September 2018

Internal audit

21. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an assessment of the internal audit function. Internal audit is provided by the council's own internal audit service overseen by a Chief Internal Auditor.

Adequacy of Internal Audit

22. Our review of internal audit concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place. We intend to place reliance on IA work as outlined below.

Areas of Internal Audit reliance

23. To support our audit opinion on the financial statements we plan to place formal reliance on the following planned internal audit reviews:

- Continuous monitoring programme – General ledger, Creditors, Debtors, Payroll, Treasury management, Council tax and NDR
- Fees and charges
- Lending/Awards controls – SHF, Rural Resettlement Fund, Leader and Flag
- Travel and subsistence .

24. In respect of our wider dimension audit responsibilities we also plan to consider other areas of internal audit work including:

- Continuous monitoring programme – Arrangements for prevention and detection of fraud, Anti fraud strategy, Serious organised crime and Budgeting
- ICT – Service level agreements and Systems development
- Governance – Records management plan, Gifts and hospitality
- Performance management – Performance reporting and Accuracy of LGBF submissions
- Financial management – VAT compliance, and Earmarked reserves.

Audit dimensions

25. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

26. In the local government sector, the appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on best value.

Financial sustainability

27. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the council's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether the council can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

28. The council is currently forecasting, within a mid-range scenario, a balanced budget position for 2018/19, with a funding gap of £4.124 million in 2019/20 rising to £10.373 million in 2020/21. This represents a financial sustainability risk for the council as the level of necessary budget savings may adversely affect the level and quality of service provision. We will closely monitor the council's budget setting process and delivery of necessary savings throughout the course of the 2017/18 audit. We will also assess the council's medium to long term financial strategy.

29. The council's strategic workforce plan has yet to be finalised for approval by the full council. This is a key element in the development of the council's medium to long term financial strategy, and its service redesign plans. The plan is expected to be available for approval by the council at its April 2018 meeting. Until the strategic workforce plan is finalised, the risk remains that the council may be unable to deliver its corporate strategy and service redesign plans due to capacity and skills gaps in key areas.
30. There were no other significant financial sustainability risks identified by our planning work that we intend to undertake specific work on in 2017/18.

Financial management

31. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:
- whether the council has arrangements in place to ensure systems of internal control are operating effectively
 - whether the council can demonstrate the effectiveness of its budgetary control system in communicating accurate and timely financial performance
 - how the council has assured itself that its financial capacity and skills are appropriate
 - whether the council has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.
32. There were no significant financial management risks identified by our planning work that we intend to undertake specific work on in 2017/18.

Governance and transparency

33. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on:
- whether the council can demonstrate that the governance arrangements in place are appropriate and operating effectively (including services delivered by, or in partnership with, others such as ALEOs)
 - whether there is effective scrutiny, challenge and transparency on the decision – making and finance and performance reports.
 - the quality and timeliness of financial and performance reporting.
34. In May 2017, the functions of the Audit and the Performance Review and Scrutiny Committees were merged to form the Audit and Scrutiny Committee (ASC). An experienced Chair of the previous Audit Committee has been appointed to the ASC, with a senior elected member as Vice Chair. Development sessions have been held for the members of the combined committee. Terms of Reference (ToR) for its scrutiny function are still in development and until this is finalised and the scrutiny function commences, there is a risk that the combined committee is not operating effectively.
35. There were no other significant governance and transparency risks identified by our planning work that we intend to undertake specific work on in 2017/18.

Value for money

36. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether:

- the council can provide evidence that it is demonstrating value for money in the use of its resources.
- the council can demonstrate that there is a clear link between money spent, output and outcomes delivered.
- the council can demonstrate that outcomes are improving.
- there is sufficient focus on improvement and the pace of it.

37. There were no significant value for money risks identified by our planning work that we intend to undertake specific work on in 2017/18.

Best Value

38. The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. The introduction of the new approach coincides with the new five year audit appointments. Auditors have been using the framework for their audit work since October 2016.

39. A key feature of the new approach is that it integrates Best Value into the wider scope annual audit, which will influence audit planning and reporting. Best Value is assessed comprehensively over the five year audit appointment, both through the on-going annual audit work, and also through discrete packages of work to look at specific issues. Conclusions and judgements on Best Value will be reported through:

- the Annual Audit Report for each council, which will provide a rounded picture of the council overall
- an Annual Assurance and Risks report that the Controller of Audit will provide to the Accounts Commission and which will highlight issues from across all 32 council annual audit reports
- a Best Value Assurance Report (BVAR) for each council that will be considered by the Accounts Commission at least once in a five year period.

40. The six councils on which a BVAR will be published during the second year of the new approach are listed in [Exhibit 6](#). Reports will be considered by the Accounts Commission in the period between April 2018 and November 2018.

Exhibit 6

2017/18 Best Value Assurance Reports

East Ayrshire Council	Glasgow City Council
Dumfries and Galloway Council	West Dunbartonshire Council
East Lothian Council	Fife Council

Source: Audit Scotland

41. The work planned in Argyll and Bute Council this year will focus on the council's arrangements for demonstrating Best Value in partnership and collaborative working, and in community responsiveness. The work will be integrated with that described above in these areas. It will involve us gaining an understanding of how effective the council's partnership working and its work

on community empowerment are in driving improvement across the council. The results of this work will be reported in the Annual Audit Report.

42. As part of our 2016/17 audit we reviewed progress made by the council in response to the Best Value report published in December 2015. We reported our findings in our 2016/17 Annual Audit Report. We will review any further progress against remaining actions and report the results of this review in our 2017/18 Annual Audit Report.

Independence and objectivity

43. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements, auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.
44. The engagement lead for Argyll and Bute Council is David McConnell, Assistant Director. The engagement lead for the charitable trusts is Ursula Lodge, Senior Audit Manager. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Argyll and Bute Council.

Quality control

45. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.
46. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice and relevant supporting guidance issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards, Audit Scotland conducts peer reviews and internal quality reviews, and is currently reviewing the arrangements for external quality reviews.
47. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Adding Value

48. Through our audit work we aim to add value to the Audited Body. We will do this by ensuring our Annual Audit Report provides a summary of the audit work done in the year together with clear judgements and conclusions on how well the Audited Body has discharged its responsibilities and how well it has demonstrated the effectiveness of its arrangements. Where it is appropriate we will recommend actions that support continuous improvement and summarise areas of good practice identified from our audit work.

Argyll and Bute Council

Annual Audit Plan 2017/18

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

ARGYLL AND BUTE COUNCIL**AUDIT AND SCRUTINY
COMMITTEE****CHIEF EXECUTIVE****20 MARCH 2018**

COUNCIL PERFORMANCE REPORT – APRIL TO SEPTEMBER 2017

1. SUMMARY

- 1.1 The Performance and Improvement Framework (PIF) sets out the process for presentation of the Council's performance reports. This paper presents the Council's performance report with associated scorecard for performance for FQ1 and FQ2 - April to September 2017.
- 1.2 It is recommended that the Audit and Scrutiny Committee reviews the Council report and scorecard as presented for the purpose of scrutinising the Council's performance.
- 1.3 It is recommended that the Audit and Scrutiny Committee note the changes made following the implementation of the PIF and the planned improvements for 2018/19.

Cleland Sneddon
Chief Executive

ARGYLL AND BUTE COUNCIL

**AUDIT AND SCRUTINY
COMMITTEE**

CHIEF EXECUTIVE

20 MARCH 2018

COUNCIL PERFORMANCE REPORT – APRIL TO SEPTEMBER 2017

2. SUMMARY

- 2.1 The Performance and Improvement Framework (PIF) sets out the process for presentation of the Council's performance reports. This paper presents the Council's performance report with associated scorecard for performance for FQ1 and FQ2 - April to September 2017. It identifies the strategic Key Successes and Progress along with the Key Challenges and the Actions to address the Challenges.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Audit and Scrutiny Committee reviews the Council report and scorecard as presented for the purposes of scrutinising the Council's performance.
- 3.2 The Audit and Scrutiny Committee are asked to note the changes following the implementation of the PIF and planned improvements for 2018/19.

4. CONTEXTUAL BACKGROUND – THE PIF

- 4.1 The Performance and Improvement Framework (PIF) was approved by Council in March 2017 and replaced the Planning and Performance Management Framework (PPMF). There was a need to simplify the range of plans currently produced, improve the quality of the Service Plans, the Service Planning process and address the short term nature of these plans. As a result several changes have been made to the processes and documentation regarding planning and reporting of our Performance and Improvements, with further improvements still to be implemented. The main changes are highlighted below.
- 4.2 Previously, to help identify how the Corporate Outcomes were being delivered the Council used a suite of 63 Service Outcomes which were developed and owned by individual Heads of Service. As of the 2017/18 financial year a suite of 32 Business Outcomes owned and endorsed by SMT were developed and used. A detailed mapping exercise was undertaken to ensure that all of the 63 Service Outcomes mapped into the 32 Business Outcomes, the Corporate Plan and the ABOIP (Argyll and Bute Outcome Improvement Plan). For some this meant looking further into the success measures themselves to ensure the mapping was correct.

- 4.3 The Business Outcomes now create a corporate overview, cutting across all Services and Departments. They help remove silo working and identify duplication and efficiencies. They also illustrate the 'golden thread' from the individual PRD (Performance Review and Development) to the ABOIP.
- 4.4 The format of the Service Plans also changed from one-year to three-year plans (noting that the budget is currently set for one-year). The Service Plans became 'two-part' Plans which comprised of a 'Strategic Plan' and a 'Business Plan'. The Strategic section of the Service Plan is locked down whereas the Business section of the plan is live and operational. This operational section contains the success measures and improvements that each Service will work towards to deliver our common goals.
- 4.5 The Service Plans are built in Pyramid and illustrated as Service Scorecards, which when combined form the Departmental and Council Scorecards. As a result each Corporate Outcome is supported by a number of Business Outcomes, which in turn are supported by any number of success measures from across the Council.
- 4.6 To further tie together linkages between successes, progress and challenges new performance reporting templates have been developed. These are Quarterly for Departments and 6-monthly for the Council and are in use from FQ3 2017/18 onwards. The new templates identify Successes; Progress; Challenges and Improvements. For Departments this is done by Business Outcome and for the Council by Corporate Outcome.
- 4.7 The content of the Quarterly and 6-monthly reports will enhance the performance information available in Pyramid. Any Improvement that is identified and noted on the reports will be built in Pyramid for monitoring and reporting. The performance reports and Scorecard illustrations form a key element in our statutory Best Value Public Performance Reporting duties. After presentation at the Strategic Committees they are made public through the Website.
- 4.8 For the 2018/19 financial year it has been agreed that all success measures listed in the Service Plans and subsequently built in Pyramid should have commentary at every reporting period to help us 'tell our story'. This feature will need to be reviewed to ensure the commentary is adding value and not simply self-explanatory narrative. This consistent updating of commentary has already begun for the Area Committee reports.
- 4.9 A Continuous Improvement approach is applied to the PIF. The current report illustrates that Business Outcomes 7 and 8 currently have no success measures aligned to them. Work is underway to produce a more appropriate and balanced suite of Business Outcomes. These will align to the ABOIP, Corporate Plan and the Administration's Priorities. Once agreed HROD will work with Services and Departments with a view to improving the nature and number of success measures aligned to the Business Outcomes. This may result in an overall reduction of success measures but provide a clearer picture of the work, achievements and challenges through the use of more appropriate success measures. To allow time for this important piece of work

to be undertaken the start of the Service Planning process is being brought forward to July 2018.

- 4.10 Whilst the success measures tell us if we are doing something well, it is important to identify if 'what' we are doing is making a difference to our communities. Therefore work has been ongoing with Senior Managers and co-operation with other local authorities to identify and develop Impact Measures. It is expected that the Impact Measures will be agreed and signed off by late spring 2018.

5.0. CONTEXTUAL BACKGROUND – COUNCIL PERFORMANCE

- 5.1 The Council's performance is reported against a framework of ongoing activity across the Council and its services. During FQ1 and FQ2, the corporate focus was on the continued progress of the Transformation Board activities, ensuring that preparations were in hand for the consultation process to begin on a series of transformational savings proposals, before consideration by members at the February 2018 budget. In the context of the quarterly budget outlook reports, the envisaged revenue budget gap was significant and so, in addition to the policy options being developed through the Transformation Board, a series of management and operational savings options were prepared for approval in October.
- 5.2 The Children and Young People's Services Plan was approved in September 2017 and the annual education plan was approved by community services committee in August and submitted to Scottish Government.
- 5.3 Progress on a series of other transformational and income generating projects also continued to be progressed by the Transformation Board. The Culture Steering Group agreed a set of values for inclusion in the Corporate Plan. Progress also continued to be made on preparations for a Rural Deal bid, one of the important elements to the overall Council goal of increasing the population and strengthening the economy.
- 5.4 The Council's scorecard illustrates progress against all 32 Business Outcomes. The progress is identified using the RAG (Red; Amber; Green) status to track performance. The 2 Business Outcomes with no success measures aligned have no RAG indication alongside them. Of the remaining Business Outcomes 16 are Green, 13 Amber and 1 Red.
- 5.5 The 1 Red Business Outcome (BO33 Information and support are available for our communities), is largely due to a 50% shortage in staff which reduced the staffing level to 2. However, 84 capacity building support sessions were delivered against a target of 90 for FQ2. This was also achieved whilst preparing for the Participatory Budget pilot. Since this reporting period an additional Community Development Officer has been appointed.
- 5.6 The relevant Business Outcome is noted with each Key Success. Going forward these will be aligned by Corporate Outcome as indicated above.

Chief Executive

Key successes and progress**Corporate Outcome - Education, skills and training maximise opportunities for all**

1. Education Services are addressing the main action points from the Education Scotland inspection report that was published in March 2017, progress includes:
 - a. The preparation of a comprehensive improvement plan, presented to Community Services Committee;
 - b. The preparation of summary progress updates and a full self-evaluation profile to support further visits by Education Scotland in June and September 2017.
 - c. Following the visit in June 2017 Education Scotland noted in their published report that: *“The council has formulated a detailed improvement plan outlining how it will address the five main points for action detailed in the original inspection report. “The council formally published its vision and strategy document: Our Children, Their Future (OCTF) in January 2017.*
2. The number of existing businesses supported during the first two quarters of 2017-18 was 182 against a target of 100, 82% above target. Comparisons with previous years are not robust, due a change in methodology (businesses attending workshops are no longer included in the existing businesses supported results, to align with a new national reporting framework for Business Gateway.)

Corporate Outcome – Making It Happen (Enablers)

1. Oban CHORD Transit Berthing Facility became operational late July 2017, and the civic opening ceremony was on 31st August by the Provost, guest members and dignitaries. The second breakwater was put in place which allowed the Oban Maritime Quarter transit berthing to become operational over the summer. Valued at £2.5m this project has attracted Regeneration Capital Grant Fund and Highlands and Islands Enterprise investment valued at £1m.
2. During the second quarter of 2017/18, 19 new Rural Resettlement Fund Personal Relocation Grants were awarded. This brings the total to 36 at the end of September 2017 for both Personal Relocation Grants and self-employment grants with an associated allocation of funds of just under £175k. To the end of September 2017 this equates to 86 new residents of which 55 are adults and 31 are children.

<p>3. The plans and preparations to transition to the Libraries and Leisure Trust were successfully concluded by the end of September and Live Argyll went live on 2 October 2017.</p> <p>4. Teachers' attendance for FQ2 was very good, with 0.8 days lost against an actual target of 1.5 days.</p>	
<p><u>Key challenges</u></p> <p>The significant reduction in grant funding is a major issue for the Council, to ensure we respond to the increasing demand for high quality services. Changes to our Population are causing growing pressures on housing, social care and other services, even though the actual numbers of people living in Argyll & Bute continues to decline.</p>	<p><u>Actions to address the challenges</u></p> <p>The ongoing challenges of funding reduction and population change are considered at every stage of service design and delivery.</p>
<p>Address Argyll and Bute's declining population, retaining people, particularly younger people in the area.</p>	<p>Focusing upon the opportunities for economic growth aligned to the four priorities outlined in Scotland's Economy Strategy – Investment; Innovation; Internationalisation; and Inclusive Growth prioritised in the Council's Strategic Economic Development Action Plan as well as taking advantage of the opportunities that the Rural Resettlement Fund brings.</p> <p>Developing the Growing Our Own project and developing more opportunities for young people to gain apprenticeships and traineeships in the Council.</p>
<p>Address the challenges associated with recycling and waste treatment in the medium to longer term in view of the longer term financial risks and future landfill ban affecting this statutory service.</p>	<p>Develop a new Waste Strategy based upon a new 25 Year Waste Financial Model and continue to work with the community to improve and increase recycling performance.</p>

<p>Develop the Rural Deal to take into account the Scottish Government's new Inclusive Growth Diagnostic tool kit.</p>	<p>A meeting has taken place with Scottish Government officers to discuss how the Inclusive Growth Diagnostic can be undertaken as part of Argyll and Bute Council's Rural Deal.</p>
<p>Continued progress with the implementation of the improvement plan prepared following Education Scotland's inspection and updated following their follow up visits in June and September which will support the service to deliver continued improvements</p>	<ul style="list-style-type: none"> ➤ Preparation of a comprehensive improvement plan, taking account of each of the main points for action outlined within the inspection report. ➤ A Head Teacher Advisory Group, selected by and accountable to their peers is now in place to support improvement in communication and engagement. ➤ The Service is continuing its work to improve the quality of communication across its education functions. Centrally-based officers are beginning to have more direct and purposeful engagement with schools. ➤ Education Scotland returned in September to conduct a further inspection, the outcome of this visit will be known early in 2018.
<p>Convert managerial action on sickness absence into improved attendance performance essential to the delivery of services.</p>	<p>Continue to support managers in their efforts to improve performance attendance, effectively apply the council's Maximising Attendance Policy and build upon the improved performance.</p>

Making Argyll & Bute a place people choose to live

BO01 The health of our people is protected through effective partnership working
 Success Measure **C** →
 Aligns to ABOIP Outcome No. 5

BO02 Lifelong participation in sport and physical activity are increased
 Success Measure **A** →
 Aligns to ABOIP Outcome No. 5

BO03 Prevention and support reduces homelessness
 Success Measure **C** →
 Aligns to ABOIP Outcome No. 5

BO04 Benefits are paid promptly and accurately
 Success Measure **C** ↑
 Aligns to ABOIP Outcome No. 5

BO05 Information and support are available for everyone
 Success Measure **A** →
 Aligns to ABOIP Outcome No. 5

BO06 Quality culture, archives, libraries and museums are provided to promote wellbeing
 Success Measure **C** ↑
 Aligns to ABOIP Outcome No. 6

BO07 Our communities benefit from the development of renewables
 Success Measure **C** →
 Aligns to ABOIP Outcome No. 6

BO08 The third sector has increased capacity to support sustainable communities
 Success Measure **C** →
 Aligns to ABOIP Outcome No. 6

BO09 Our assets are safe, efficient and fit for purpose
 Success Measure **C** ↑
 Aligns to ABOIP Outcome No. 6

BO10 Quality of life is improved by managing risk
 Success Measure **C** ↑
 Aligns to ABOIP Outcome No. 6

BO11 There is no place for discrimination and inequality
 Success Measure **C** ↑
 Aligns to ABOIP Outcome No. 6

BO12 High standards of public health and health protection are promoted
 Success Measure **A** →
 Aligns to ABOIP Outcome No. 6

BO13 Our built environment is safe and improved
 Success Measure **C** →
 Aligns to ABOIP Outcome No. 6

BO14 Our transport infrastructure is safe and fit for purpose
 Success Measure **C** ↑
 Aligns to ABOIP Outcome No. 6

BO16 We wholly embrace our Corporate Parenting responsibilities
 Success Measure **C** ↑
 Aligns to ABOIP Outcome No. 4

BO17 The support needs of children and their families are met
 Success Measure **A** ↓
 Aligns to ABOIP Outcome No. 4

BO18 Improved lifestyle choices are enabled
 Success Measure **C** ↑
 Aligns to ABOIP Outcome No. 4

BO33 Information and support are available for our communities
 Success Measure **R** →
 Aligns to ABOIP Outcome No. 6

Making Argyll & Bute a place people choose to learn

BO19 All children and young people are supported to realise their potential
 Success Measure **A** ↓
 Aligns to ABOIP Outcome No. 3

BO21 Our young people participate in post-16 learning, training or work
 Success Measure **A** ↑
 Aligns to ABOIP Outcome No. 3

BO22 Adults are supported to realise their potential
 Success Measure **C** →
 Aligns to ABOIP Outcome No. 3

Making Argyll & Bute a place people choose to work

BO15 Argyll and Bute is open for business
 Success Measure **A** →
 Aligns to ABOIP Outcome No. 2

BO23 Economic growth is supported
 Success Measure **A** →
 Aligns to ABOIP Outcome No. 1

BO24 Waste is disposed of sustainably
 Success Measure **C** →
 Aligns to ABOIP Outcome No. 2

BO25 Access to and enjoyment of the natural and built environments is improved
 Success Measure **C** →
 Aligns to ABOIP Outcome No. 2

BO26 People have a choice of suitable housing options
 Success Measure **C** →
 Aligns to ABOIP Outcome No. 2

Making it happen

BO27 Infrastructure and assets are fit for purpose
 Success Measure **A** →
 Aligns to Council Outcome MIH

BO28 Our processes and business procedures are efficient, cost effective and compliant
 Success Measure **A** →
 Aligns to Council Outcome MIH

BO29 Health and safety is managed effectively
 Success Measure **A** ↓
 Aligns to Council Outcome MIH

BO30 We engage with our customers, staff and partners
 Success Measure **A** →
 Aligns to Council Outcome MIH

BO31 We have a culture of continuous improvement
 Success Measure **A** →
 Aligns to Council Outcome MIH

BO32 Our workforce is supported to realise its potential
 Success Measure **C** →
 Aligns to Council Outcome MIH



Council Scorecard 2017-20

Scorecard owned by: Cleland Sneddon Apr-Sep 17

[Back to Full Council Scorecard](#)

Management Information

RESOURCES

<i>People</i>		<i>Benchmark</i>	<i>Target</i>	<i>Actual</i>	<i>Status</i>	<i>Trend</i>
Sickness Absence ABC		4.72 Days	5.07 Days	R	↑	
PRDs % complete ABC		90 %	71 %	R	↑	
<i>Financial</i>		<i>Budget</i>	<i>Forecast</i>	<i>Status</i>	<i>Trend</i>	
Finance Revenue totals ABC		£K 181,654	£K 181,922	A	↑	
Capital forecasts - current year ABC		£K 50,813	£K 50,756	A	↑	
Capital forecasts - total project ABC		£K 217,284	£K 217,069	A	↓	
<i>Customer Relations</i>						
Customer Service ABC		Customer satisfaction	95 %	G	↑	
Customer Charter	G ↑	Stage 1 Complaints	67 %	R	↓	
Number of consultations	5	Stage 2 Complaints	87 %	R	↓	

IMPROVEMENT

Strategic Risks

Strategic Risk Register 2017-18	H = 2	M = 13	L = 0
	Apr-Sep 17	Oct-Mar 18	
Risk - % exposure	44 %	44 %	→
A&B Council Audit Recommendations	R	Overdue	Due in future
	2	↑	29
			↑
			Future - off target
			0
			→

Operational Risks

Community Services red risk assets	0		
Customer Services red risk assets	6	3	G →
Dev't & Infrastructure red risk assets	6	4	R →