

Argyll and Bute Council
Internal Audit Report
August 2018
FINAL

Equality and Diversity

Audit Opinion: Substantial

	High	Medium	Low
Number of Findings	0	1	3

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1. Executive Summary

Introduction

1. As part of the 2018/19 internal audit plan, approved by the Audit & Scrutiny Committee in March 2018, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Equality and Diversity (E&D).
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed.
3. The contents of this report have been agreed with the appropriate council 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. The Equality Act 2010 (the Act) provides a legal framework to protect the rights of individuals and advance equality of opportunity for all in the private, public and voluntary sectors. The Act cites nine groups, referred to as 'protected characteristics', which are protected from discrimination under the Act. These are: age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race and ethnicity; religion or belief, sex and sexual orientation. Part 1 of the Equality Act 2010, commonly referred to as the Fairer Scotland Duty, came into force in Scotland in April 2018. It places a legal responsibility on the Council to actively consider how they can reduce inequalities of outcome caused by socioeconomic disadvantage, when making strategic decisions.
5. The Council has a legal general responsibility to eliminate unlawful discrimination; advance equality of opportunity and foster good relations. The Council's specific duties under the Act are to:
 - report on mainstreaming equality
 - publish equality outcomes and report on progress
 - assess and review policies and practices
 - gather and use employment information
 - publish gender pay gap information
 - publish statements on equal pay
 - consider award criteria and conditions in relation to public procurement.
 - publish in a manner that is accessible.
6. The Council has an E&D Policy in place which aims to eliminate discrimination and encourage diversity amongst the workforce. The Council's aim is that the workforce will be truly representative of all sections of society and each employee feels respected and able to give of their best. The policy is underpinned by the following key equality principles:

- no-one is disadvantaged because of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation
- the differences between people are valued and good relations between groups are promoted
- people are treated fairly and with equal respect
- informed assessments are made on the impact of policies and services
- people are involved in the decisions that affect them and encouraged to participate in public life.

Scope

7. The scope of the audit was to consider the adequacy and accessibility of the Council's E&D policies/procedures and the extent to which the Council complies with them. The audit also considered the provision of E&D training and appropriate performance reporting as outlined in the Terms of Reference agreed with the Head of Improvement and Human Resources on 6 July 2018.

Audit Opinion

8. 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.
9. 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

10. We have highlighted one medium priority recommendation and three low priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
 - consideration should be given to implementing a process to monitor the completion of the mandatory E&D course available on LEON
 - the Council's E&D policy should be reviewed and refreshed
 - Officers should be reminded to submit completed Equality and Socio-Economic Impact Assessments to HR&OD.
 - Human Resources & Organisational Development (HR&OD) should implement a process to regularly monitor progress towards delivering the outcomes
11. 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

12. 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
1	The Council has, and complies with, appropriate E&D policies/procedures and these are accessible to staff and elected members.	Substantial	The Council has a suite of comprehensive policies and procedures which are readily available on the HUB. The current E&D policy, approved in December 2012, was scheduled for review by 31 March 2015 however this is outstanding. HR&OD have scheduled a review to commence in October 2018. The Council's approach to equality impact assessments has recently been revised and officers should be reminded of the importance of completing assessments and the requirement to submit these to HR&OD.
2	The Council provides appropriate training and guidance to all staff and elected members in relation to E&D.	Substantial	The Council provides an online training course via their e-learning site LEON. This is a mandatory course for staff which is also available to elected members. Face to face E&D training can also be provided. Elected members were provided E&D training as part of the induction programme in May 2017. There is no process in place to monitor the completion of the mandatory E&D course.
3	The Council has a robust process to monitor and report on progress towards E&D outcomes.	Substantial	The Council publish regular mainstreaming equality reports in compliance with the Act and have a set of equality outcomes covering the four year period 2013-2017. Council agreed on the 20 April 2017 that these outcomes remained fit for purpose. A revised set of outcomes are on HR&OD's work plan with a commencement date of August 2018 for publication in 2019. The outcomes have been split into action points which are the basis of an equalities action plan however progress against this plan is not monitored regularly.

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

3. Detailed Findings

The Council has, and complies with, appropriate E&D policies/procedures and these are accessible to staff and elected members.

14. In December 2012, the Council approved a new E&D policy. The policy aims to describe how the Council will better address the needs of all employees and all members of the communities it serves. This policy is available on the Council's intranet site in a sub section of the 'My HR' page dedicated to 'equality, diversity, equal opportunities and harassment'. The policy is also available on the Council's public internet site.
15. The E&D policy states that *"All elected members, senior management, line managers and employees share the responsibility to create an environment where we can make measurable progress on equality and diversity and where we genuinely respect each individual's differences"*. The policy also details the specific responsibilities of the following groups:
 - the Council as an organisation
 - elected members and all employees of the Council
 - elected members, the chief executive, executive directors and heads of service
 - line managers
 - Trade Union Representatives
 - providers of goods and services to and for the Council.
16. The policy states it should be reviewed at least every three years and has a documented review date of 31 March 2015. This review was not carried out. HROD have confirmed the review has been delayed due to service restructure and that a policy review has been scheduled with a commencement date of October 2018.

Action Plan 2

17. The E&D policy states that elected members, the Chief Executive, Executive Directors and Heads of Service are responsible for ensuring that equality impact assessments (EqIA) are completed for all new and revised policies and functions to minimise or eliminate negative impacts on people. Guidance for completing EqIAs is available on the HUB. Rapid impact assessments (stage 1) are required to assess whether there are any E&D implications and a full EqIA (stage 2) required if stage 1 concludes there is.
18. In June 2018 the Strategic Management Team (SMT) approved a report recommending a revised approach to EqIAs which takes account of recent changes to equality legislation and ensures that the 'Fairer Scotland Duty', which came into force on 1 April 2018, is taken into account when the assessments are carried out. EqIAs will be referred to as Equality and Socio-Economic Impact Assessments (EqSEIA) going forward.
19. Some of the key changes between the previous and current versions of the EqIA and EqSEIA are:
 - the revised impact assessment takes account of the Fairer Scotland Duty
 - there is a single EqSEIA form whereas previously there were separate ones for rapid impact assessments and full EqIAs.

- HR&OD no longer has a quality assurance role in the process, although completed assessments should still be sent to HR&OD for collation.

20. Testing on the availability of EqIAs for a sample of eight key policies presented to the Policy & Resources Committee highlighted that:

- HR&OD could not locate any on file, indicating that officers are not sending completed EqIAs to HR&OD as required
- either a rapid or full assessment was carried out for five of the eight policies with reasonable explanations provided for the remaining three.

Action Plan 3

21. The Council have a suite of other policies and procedure documents available to staff and members to support E&D, such as the dignity at work policy, the disability confident scheme and the grievance and disciplinary procedures. E&D is considered in the job advertisement, recruitment and induction processes. It was identified that the recruitment policy requires updating, however this review will be undertaken when the current TalentLink development is complete.

The Council provides appropriate training and guidance to all staff and elected members in relation to E&D.

22. The Council provides an online E&D training course via their e-learning site LEON. Completion of this course is mandatory for staff and the course is also available to elected members. Face to face E&D training courses can also be arranged at the request of management.

23. Elected members were provided with training on E&D as part of the members induction programme in May 2017. This training was provided by an external consultant and the slides are available for review on the members section of the HUB.

24. The Council previously offered a blended training programme which consisted of the LEON e-Learning module and a half day face to face session. Both parts were mandatory for completion of the training. However, due to the consistent poor uptake of the face to face courses and a number of cancellations (at a cost to the Council), in November 2017 the HR board decided that completion of the e-learning module would be sufficient as a baseline for all employees.

25. There is no process to monitor completion of the mandatory E&D training course.

Action Plan 1

26. There are also additional supplementary e-learning modules available, which cover all the protected characteristics, to complement the main mandatory course.

The Council has a robust process to monitor and report on progress towards E&D outcomes.

27. The Council produce regular mainstreaming reports in line with the requirement of the Act. The Council approved an initial mainstreaming report in April 2013. Subsequent reports were published in 2015 and 2017. Gender pay gap information and equal pay statements have been included in these reports as per the requirements of the Act. The next mainstreaming report is not required to be published by the Council until March 2019.

28. The Council published a set of approved equality outcomes on 25 April 2013 as part of the 2013 mainstreaming report covering the period 2013-2017. As per the requirements of the Act, the outcomes for the next four year period should have been published in 2017. At the Council meeting in April 2017, it was agreed that the existing set out outcomes are still fit for purpose so they remain as the current live outcomes. A review of the outcomes are on HR&OD's 2018 work plan scheduled for publication in 2019. The outcomes are publically available on the Council's internet site, although the website states that the outcomes are for the period 2013-2017 which may result in confusion for readers.
29. Each of the equality outcomes have been split into action points which form the basis of an equalities action plan. The action plan is maintained on the Council's pyramid system. Only 15 of the 76 action points have been updated in 2018/19.

Action Plan 4

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Monitoring of Completion of Mandatory Training</p> <p>The Council provides an online E&D training course via their e-learning site LEON. Completion of this course is mandatory for staff and the course is also available to elected members. There is no process in place to monitor completion of the course.</p>	Failure to ensure an effective process is in place for monitoring employee completion of the mandatory E&D course may result in employees not being suitably trained in E&D.	Options for monitoring training uptake to be investigated and reported to HR Board in October 2018 for their consideration.	Business Partner, Performance & Improvement 12 October 2018
Low	2	<p>Equality and Diversity Policy Review</p> <p>The current E&D policy was approved by Council in December 2012 and had a scheduled deadline for review of 31 March 2015. This review has not been carried out however HROD have a review scheduled to commence in October 2018.</p>	Failure to ensure up to date policies and procedures are available to staff and members may result in non-compliance with current agreed practice.	Review will begin in October 2018 and will include consultation with key stakeholders. Policy will require to follow normal approval route ending in Policy & Resources Committee.	Business Partner, Performance & Improvement 16 May 2019
Low	3	<p>Equality & Socio-Economic Impact Assessments (EqSEIAs)</p> <p>The Council has a process in place for the completion on equality impact assessments (EqIA). The process for this has recently been revised following the implementation of the Fairer Scotland Duty. For the purposes of this audit, testing was carried out on compliance with the previous process.</p> <p>For all eight tested HR&OD could not locate copies of the assessments on file, indicating that officers are not sending completed EqIAs to HR&OD as required. Whilst the new approach does not require HR&OD to perform a quality assurance role, officers are still required to provide</p>	Failure to ensure EqSEIAs are held on file for new or revised policies may result in a lack of transparency in the policy making process.	Newsflash to be issued confirming where documents have to be emailed to.	Performance & Improvement Officer 31 October 2018

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.