

Argyll and Bute Council  
Internal Audit Report  
September 2019  
FINAL

# Business Continuity Planning

Audit Opinion: Reasonable

	High	Medium	Low
Number of Findings	2	3	1

## Contents

<b>1. Executive Summary</b> .....	3
<b>Introduction</b> .....	3
<b>Background</b> .....	3
<b>Scope</b> .....	4
<b>Risks</b> .....	4
<b>Audit Opinion</b> .....	4
<b>Recommendations</b> .....	4
<b>2. Objectives and Summary Assessment</b> .....	5
<b>3. Detailed Findings</b> .....	5
<b>Appendix 1 – Action Plan</b> .....	9
<b>Appendix 2 – Audit Opinion</b> .....	12

## Contact Details

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

[www.argyll-bute.gov.uk](http://www.argyll-bute.gov.uk)

# 1. Executive Summary

## Introduction

1. As part of the 2019/20 internal audit plan, approved by the Audit & Scrutiny Committee in March 2019, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Business Continuity Planning (BCP).
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. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
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. Business continuity is the capability of an organisation to deliver essential services during and after a disruptive incident, and resume normal service provision following such an event.
5. The Council has a key role to play in planning for an emergency, responding to an emergency and supporting long-term recovery following an emergency. They are Category 1 responders under the Civil Contingencies Act 2004 which means they are subject to six duties:
  - carry out a risk assessment and contribute to the development of a community risk register
  - plan for emergencies, including training and exercising
  - ensure robust business continuity arrangements are in place to maintain service delivery
  - ensure arrangements are in place to warn & inform the public both before and during emergencies
  - co-operate with partner agencies
  - share information with partner agencies.
6. The Council's business continuity plans are referred to as Critical Activity Recovery Plans (CARP). In July 2012, a review of business continuity arrangements was carried out which resulted in the creation of 114 CARPs. Each CARP has a designated owner and each department has an officer who is responsible for ensuring plan owners review their CARPs annually and also as and when changes in processes require a further revision.
7. On 27 May 2019 the Strategic Management Team (SMT) endorsed a joint project to establish a common approach to business resilience for the Argyll and Bute Health and Social Care Partnership (HSCP). The project is overseen by a steering group and aims to streamline plans and ensure the resilience of the HSCP. It is due to be complete by January 2020. Due to this ongoing project we did not include social work CARPs in our sample testing.

## Scope

8. The scope of the audit was to ensure the Council has robust business continuity plans and complies with the duties established by the Civil Contingencies Act 2004 as outlined in the Terms of Reference agreed with the Head of Legal and Regulatory Support in June 2019.

## Risks

9. The risks considered throughout the audit were:
  - **SRR08:** Civil contingency and business continuity arrangements are not effective.
  - **G&L ORR10:** Failure to ensure communities and employees are prepared to deal with major incidents.
  - **Audit Risk 1:** Roles and responsibilities in relation to business continuity have not been clearly defined.
  - **Audit Risk 2:** Business continuity plans are not reviewed, tested and updated regularly.
  - **Audit Risk 3:** The Council does not meet the requirements of the Civil Contingencies Act 2004.

## Audit Opinion

10. 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.
11. Our overall audit opinion for this audit is that we can take a reasonable level of assurance. This means that internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.

## Recommendations

12. We have highlighted two high priority recommendations, three medium priority recommendations and one low priority recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
  - a policy should be prepared which establishes the purpose, scope, governance and responsibility for BCP
  - school relocation plans should be reviewed to ensure they are fit for purpose
  - a review of critical activities should be conducted periodically
  - a CARP testing programme should be implemented with guidance provided on how to undertake testing
  - CARPs should be reviewed to ensure all required sections are complete
  - CARPs should be reviewed and approved on an annual basis.
13. 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

14. 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	Link to Risk	Assessment	Summary Conclusion
1	The Council has, and complies with, appropriate policies/ procedures in relation to business continuity.	SRR08 G&L ORR10 Audit Risk 2 Audit Risk 3	Reasonable	Whilst the Council has a CARP for all identified critical activities there is no overarching business continuity policy and weaknesses were identified in relation to the review, completion, testing and suitability of CARPs. There has been no review of critical activities since 2012, despite there being a number of organisational changes in the past seven years.
2	Roles and responsibilities regarding the business continuity planning process are clearly defined and communicated.	SRR08 G&L ORR10 Audit Risk 1	Reasonable	All CARPs have plan owners and the Governance and Risk Manager has overall responsibility for BCP however as there is no BCP policy the roles and responsibilities for BCP are not documented.
3	The Council is complying with their duties as imposed by the Civil Contingencies Act 2004.	SRR08 G&L ORR10 Audit Risk 3	Substantial	There was evidence to support compliance with the Civil Contingencies Act 2004. The Council, through involvement in regional and local resilience partnerships have been involved in the creation of a community risk register. The civil contingencies team have a work plan which includes training and exercising activity and communication processes which include contacting the public.

15. 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 policies/ procedures in relation to business continuity

16. The Business Continuity Institute (BCI) Good Practice Guidance states that '*The business continuity policy is the key document that sets out the purpose, context, scope and governance of the business continuity programme.*' The Council do not have an overarching business continuity policy to provide a strategic framework around which officers can devise CARPs to enable critical functions to be maintained, or quickly restored to minimise any effect on service delivery.

### Action Plan 1

17. Every CARP has a plan owner, normally a third tier manager or head teacher, and should be approved by the relevant Head of Service (HoS). We reviewed 30 CARPs and confirmed that, for 27, the 'authorised by' field on the front page had the HoS name typed in it. For the remaining three this field was not completed. Through discussions with relevant officers it became apparent that, whilst the Governance team collate the CARPs and perform a quality review, they do not request evidence that the CARP has been authorised by the HoS. Some plan owners were unsure whose responsibility it was to obtain the HoS approval. Having the HoS name typed in a field does not evidence they have reviewed it as anyone accessing the CARP can type it in.
18. During the course of this audit, the governance team had been working on a review of the existing CARP template and issued a new template to all plan owners on 30 August 2019. The new template includes an appendix for HoS approval with a signature and date field. It also stipulates the requirement to submit the CARP to the HoS for approval.
19. CARPs are stored centrally by the governance team on the business continuity SharePoint site and plan owners are responsible for holding copies of their plan in a suitable place. A sample of 15 CARPs were selected and the plan owners for all 15 confirmed the CARP would be accessible to staff in the event of an emergency/disaster.
20. The Council requires CARPs to be subject to an annual review and a review schedule has been established which establishes the timescale for each CARP review. In addition the governance team may prompt additional reviews if deemed necessary. For example, all CARPs are being reviewed due to the Council's recent management restructure and a review was undertaken at the request of the Council's EU Withdrawal Tactical Group. All 30 sampled CARPs had been reviewed in the past year, predominately due to these prompts, however prior to 2019 the regularity of reviews varied across the sample with only 33% complying with the requirement for an annual review.

#### **Action Plan 6**

21. Plan owners are responsible for communicating the CARP to all relevant staff. From a sample of 15 CARPs:
  - thirteen plan owners confirmed the CARP had been communicated to all relevant staff
  - of this thirteen, five confirmed they provided a link to the CARP to staff and no indication of further discussion was provided
  - two responded that not all staff within their school were aware of the CARP.
22. The covering email issued with the new CARP template, referenced at paragraph 18, included instruction to all plan owners regarding their responsibility to distribute or signpost the CARP to all relevant staff. Officers have confirmed that this requirement will also be made clearer in the BCP policy that will be created.
23. In 2012 the Council's Special Projects Officer reviewed the Council's BCP arrangements. As part of this review the SMT endorsed a new impact assessment to evaluate critical activities which incorporated a weighting for physical / mental impact. Assessments were completed by service managers through a 'challenge' process with members of the project team. The SMT also confirmed the 'trigger' impact score to determine what constituted a critical activities. The outcome of this was to reduce the number of critical activities in the Council from 110 to 27. Despite there being a number of organisational changes in the Council in the past seven years the assessment of what constitutes a critical activity has not been revisited since 2012.

**Action Plan 3**

24. There are no CARPs for Council buildings. During the course of this audit, there was a power outage which affected Kintyre House in Campbeltown and Argyll House in Dunoon for approximately 1.5 days. This resulted in a number of staff, including payroll and benefits, being unable to work and unsure about what action they should take. If the outage had been for longer or other unforeseen reasons caused these sites to be unavailable for an extended period of time there would be a need for officers to have clarity over alternative working arrangements. This point was discussed with the relevant officer and the justification provided is that it is the activity that is critical not the building. Therefore any critical activity within a building, that cannot afford to be down for 3-5 days, should have their own plan.
25. Whilst the Civil Contingencies Manager advised that CARPs are occasionally tested by the civil contingencies team as part of their schedule of exercises there is no central CARP testing programme. 15 CARP plan owners were asked if they carried out any testing to ensure it is fit for purpose and 12 confirmed that they didn't. The other three did not carry out formal testing, but tested it through day to day activities, for example poor weather affecting the communications team. Good practice guidelines recommend organisations should have a scheduled programme which includes rehearsing plans. Whilst we understand that some CARPs cannot be tested fully, for example rehearsing a full school relocation, guidance should be given to plan owners on how to appropriately test or rehearse elements of their plan.

**Action Plan 4**

26. Ten of the sampled 30 CARPs had incomplete sections. These were predominantly the sections relating to the description of the critical activity in the overview section and the staff section which should detail the minimum number of staff and skills required to restore the activity. The CARPs template also states that '*Details of the availability, location and procedures for Accessing alternative supplies (including external suppliers) must be documented in an Annex attached to this plan before submission to the Head of Service for approval.*' None of the ten secondary school CARPs had this annex.

**Action Plan 5**

27. All ten secondary school CARPs were reviewed to assess whether the relocation plans appeared practical. From the sample, the alternative location(s) for five appeared to provide sufficient capacity for the current school roll. For the other five:
- Oban High School - relocation approximate capacity is 235, school roll is 889
  - Hermitage Academy - relocation approximate capacity is 500, school roll is 1,314
  - Islay, Rothesay and Lochgilphead Joint Campus – incomplete information on relocation capacity, school rolls are 377, 630 and 711 respectively.
28. In addition, the required equipment identified in the CARPs did not appear to be sufficient. For example only three identified sufficient desks and chairs for the school roll. It is recognised that the required equipment as per the CARP may not match the school roll as it could be that some of the required equipment is already available at the relocation site. Therefore the CARP is identifying the additional resource required rather than the total. However this is not clear in the CARPs. For example the Hermitage Academy CARP only states a requirement of 250 desks/chairs for a school roll of 1,314 pupils.

**Action Plan 2**

Roles and responsibilities regarding the business continuity planning process are clearly defined and communicated

29. The Governance and Risk Manager has overall responsibility for BCP. There are proposals for operational responsibility for BCP to be transferred to the Council's Civil Contingencies team to combine civil contingencies and business continuity under the heading 'resilience'.
30. As there is currently no BCP policy, roles and responsibilities of the different parties involved in the BCP process are not documented.

#### **Action Plan 1**

31. Although there is no formal training provided to plan owners, ongoing guidance and support is provided by the central team and guidance on how to complete the CARP is built into the standard template.

The Council is complying with their duties as imposed by the Civil Contingencies Act 2004

32. The Council is involved in the West of Scotland Regional Resilience Partnership (RRP). The West of Scotland RRP comprises organisations that are legally required to prepare for, respond to and recover from any major disruptions and emergencies in the West of Scotland region. The regional partnership works to enhance the safety and resilience of the region and its communities by supporting and coordinating seven local resilience partnerships across the West of Scotland. The Council's Civil Contingencies Manager is the co-chair of the Argyll and Bute and West Dunbartonshire Local Resilience Partnership.
33. The Council, through engagement and collaboration with partner agencies, has been involved in creating the West of Scotland Community Risk Register which is available on the Scottish Fire and Rescue website.



## Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	<p><b>Business Continuity Policy</b></p> <p>The Council do not have an overarching business continuity policy which sets out the purpose, context, scope, governance and responsibility for BCP.</p>	There may be an inconsistent or inadequate approach to business continuity planning.	A business continuity policy will be created which details purpose, context, scope, governance and responsibilities for BCP.	<p>Governance and Risk Manager</p> <p><b>31 March 2020</b></p>
High	2	<p><b>School Relocation Plans</b></p> <p>Of the ten secondary school CARPs the named alternative location(s) for five appeared to provide insufficient capacity for the current school roll. Furthermore the required equipment identified in the CARPs did not appear to be sufficient.</p>	Secondary school CARPs may not be fit for purpose.	Head Teachers have been requested to complete new CARP template which includes an appendix on relocation availability. The new policy and creation of a testing programme will also address this issue.	<p>Governance and Risk Manager</p> <p><b>31 March 2020</b></p>
Medium	3	<p><b>Review of Critical Activities</b></p> <p>A comprehensive review was carried out in 2012 to identify the Council's critical activities. This reduced the number from 110 to 27. Despite there being a number of organisational changes in the Council in the past seven years the assessment of what constitutes a critical activity has never been revisited.</p>	The Council may not have plans in place to ensure continued delivery of critical activities in the event of an emergency.	A report will be submitted to SMT at the start of each financial year which provides detail of current CARPs. SMT will be given the opportunity to identify any other activities that they consider would benefit from having a CARP.	<p>Governance and Risk Manager</p> <p><b>31 March 2020</b></p>

Medium	4	<p><b>CARP Testing</b></p> <p>Whilst the Civil Contingencies Manager advised that CARPs are occasionally tested by the civil contingencies team as part of their schedule of exercises there is no central CARP testing programme.</p> <p>Good practice guidelines recommend organisations should have a scheduled testing programme which includes rehearsing plans.</p>	CARPs may not be fit for purpose.	CARP testing programme to be developed which will include table top exercises with Head Teachers, Care Home Managers and other relevant staff to provide guidance to plan owners on how to appropriately test or rehearse elements of their CARP testing.	Governance and Risk Manager  <b>31 March 2020</b>
Medium	5	<p><b>Completion of CARPS</b></p> <p>Ten of the sampled 30 CARPs had incomplete sections, predominantly the sections relating to the description of the critical activity and section which should detail the minimum number of staff and skills required to restore the activity. Furthermore none of the secondary school CARPs had the required annex for accessing alternative suppliers.</p>	Vital information may not be available in the event of an emergency.	The importance and requirement for plan owners to complete all sections of the CARP will be included in the BCP policy when written. The governance team will continue to carry out a quality check on submitted CARPs.	Governance and Risk Manager  <b>31 March 2020</b>
Low	6	<p><b>CARP Review</b></p> <p>CARPs are subject to an annual review process. All 30 sampled CARPs had been reviewed in the past year due to the work carried out to manage the UK withdrawal from the EU however prior to 2019 the regularity of reviews varied across the sample with only 33% complying with the requirement for an annual review.</p>	CARPs may not be fit for purpose.	All CARPs will have been updated to new template by end of this financial year by the relevant services. Going forward, all CARPs will be included in review schedule to ensure all are reviewed annually by the relevant services. The BCP policy will highlight the responsibility of plan owners to complete the review schedule on the first page of the CARP.	Governance and Risk Manager  <b>31 March 2020</b>

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
<b>High</b>	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.
<b>Substantial</b>	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.
<b>Reasonable</b>	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
<b>Limited</b>	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.
<b>No Assurance</b>	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.