

Argyll and Bute Council

2020/21 Audit Progress Report



 AUDIT SCOTLAND

Prepared for Argyll and Bute Council Audit and Scrutiny Committee

June 2021

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.

Introduction

1. This paper is intended to give members an update of current progress on external audit activity and any recent national performance reports which have been published or are due.

Internal controls

2. We have been reviewing the design of controls within the council's main financial systems including the general ledger, payroll, council tax, non-domestic rates, treasury management, accounts payable, accounts receivable and Carefirst systems. From work undertaken we can say that controls put in place by management are appropriate. We are checking that the design of controls by means of walk through tests to confirm that they are operating as intended. This work is nearing completion and we will report any issues to management in early course and provide an update to members in our next progress report.

3. Additionally, we are undertaking focused testing on payroll with an emphasis on new starts and leavers. This will provide us with additional assurances on the completeness and accuracy of payroll which we can then rely on as part of our testing of the financial statements.

Early substantive testing

4. To enable us to have a more efficient approach to the audit of the financial statements we have been undertaking early substantive testing on income and non-pay expenditure transactions for the period up to the end of February 2021. Additionally, we have been undertaking testing on council tax and non-domestic rates transactions. To date we have not identified any significant issues from this testing.

Cybercrime

5. Audit Scotland has been raising awareness of the threats to cyber security within the public sector. Recent cyber attacks at SEPA and the University of the Highlands and Islands have highlighted the threat that cybercrime poses to the public sector in Scotland.

6. The Christmas Eve attack on SEPA led to data being stolen and has significantly impacted the organisation's operations, with the criminal gang responsible, Conti, having now launched a serious attack on Ireland's healthcare system.

7. These incidents highlight that cybercrime is a risk that the public sector in Scotland needs to take seriously. Audit Scotland has published an article on its website highlighting the threat posed by cybercrime, key questions that need to be addressed and actions that can be taken to improve security. The article can be found [here](#).

Best Value

8. A key part of our audit focus in 2020/21 is monitoring progress in implementing the recommendations set out in the Best Value Assurance Report (2020). We have carried out some preliminary work to assess progress. Also, we are liaising with key staff to organise 'tell me, show me' meetings at the end of June with those involved in Best Value work to explain progress and to provide evidence of progress. We also plan to have a meeting with the Chief Executive at a later date to discuss findings before formally reporting them in our Annual Audit Report for 2020/21.

National Performance Reports / Other publications

9. Several reports have been published by Audit Scotland since the last meeting of the Audit and Scrutiny Committee. The table below provides a summary of the main publications that may be of interest to members including hyperlinks to our website.

Report title	Scope and objectives of the audit	Key messages
Improving outcomes for young people through school education (March 2021)	In 2019, Audit Scotland carried out audit work to look at how effectively the Scottish Government, councils and their partners were improving outcomes for young people through school education. This work was paused in March 2020 because of the Covid-19 pandemic. It was restarted in October 2020 to look at the impact of Covid-19 on school education and the response taken by the Scottish Government, councils and their partners. This report draws together the key findings from these two pieces of work.	<ul style="list-style-type: none"> • Progress on closing the poverty-related attainment gap between the most and least deprived school pupils has been limited. And more evidence is needed to understand educational achievement beyond exams. • Exam performance and other attainment measures at the national level have improved. However, progress since 2013-14 has been inconsistent. And there are large variations in local authority performance, with some councils' performance getting worse on some measures. • The poverty-related attainment gap remains wide and existing inequalities have been exacerbated by the Covid-19 pandemic. And there has been an increase in the types of pathways, awards and qualifications available to young people. But better data is needed to understand if other important broad outcomes, like wellbeing and self-confidence, are improving. • Funding for education has remained largely static - rising from £4.1 billion in 2013/14 to £4.3 billion in 2018/19. However, most of that real-terms increase was due to the

Report title	Scope and objectives of the audit	Key messages
		<p>Attainment Scotland Fund, which the Scottish Government set up to close the attainment gap.</p>
<p>Covid-19: Following the public pound: our strategy (April 2021)</p>	<p>The overall aim of our Following the pandemic pound strategy is to enable us to provide overall conclusions to the public and the Scottish Parliament on the level of Covid-related funding that has been allocated to business, communities, and public services.</p>	<ul style="list-style-type: none"> • Audit Scotland plans to take a ‘whole-system’ approach to auditing the allocation and distribution of Scottish Government funds to councils and other public sector bodies (including relevant SG agencies). We refer to this as ‘Following the pandemic pound’. • Audit Scotland’s approach will be risk-based and proportionate, applied consistently across audits and delivered in a way which meets agreed national and local reporting requirements. • The aim of this work is to enable Audit Scotland to provide overall conclusions to the public and the Scottish Parliament on the level of Covid-related funding that has been allocated to business, communities, and public services. Our work will include commentary and judgements on the actions taken by individual organisations in distributing the funding at a national, sectoral and local level.
<p>Local government in Scotland: Overview 2021 (May 2021)</p>	<p>This report provides an overview of local government finances in 2019/20.</p>	<ul style="list-style-type: none"> • Councils have a critical role in providing vital services which communities depend on. In its Local Government Overview 2021 report, the Accounts Commission make clear that councils, alongside their partners, quickly provided innovative and sustained support to vulnerable people. This included supporting those who were shielding or self-isolating, switching to delivering services digitally and managing significant funding to support local businesses. • With many council services disrupted, stopped or reduced, in particular education, social care and culture and leisure, the impact on some service users

Report title	Scope and objectives of the audit	Key messages
		<p>was severe and unequal. This included carers who lacked access to respite care, people with learning disabilities who were unable to access critical services and support, those receiving care at home and school children whose education was disrupted.</p> <ul style="list-style-type: none"> • Covid-19 has also exacerbated and laid bare fundamental issues that need to be addressed to ensure services are maintained and that councils can tackle the multiple challenges ahead. To help achieve this, longer-term financial certainty for councils will be vital. Whilst the Scottish Government has provided significant financial support to councils to assist in managing the net cost of Covid-19 in 2020/21, considerable amounts of funding took the form of one-off payments. Furthermore, funding for councils beyond 2021/22 remains uncertain. Addressing this issue is vital.

Argyll and Bute Council

2020/21 Progress Report – June 2021

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