
**INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE
2020/2021**

1. EXECUTIVE SUMMARY

- 1.1 There are seven audits being reported to the Audit and Scrutiny Committee.
- 1.2 The table below provides a summary of the conclusions for the audits performed. The full reports are included as appendices to this report.

| Audit Name | Level of Assurance | High Actions | Medium Actions | Low Actions | VFM Actions |
|--|---------------------------|---------------------|-----------------------|--------------------|--------------------|
| Capital Monitoring | Substantial | 0 | 2 | 0 | 0 |
| Intercompany Controls (LiveArgyll) | Substantial | 0 | 1 | 3 | 1 |
| Charging for Non-residential Care Services | Substantial | 0 | 2 | 1 | 1 |
| Sickness Absence | Substantial | 0 | 2 | 2 | 1 |
| Workforce Planning | Substantial | 0 | 1 | 0 | 0 |
| Warden Services | Limited | 3 | 0 | 1 | 1 |
| Disaster Recovery Planning (ICT) | Limited | 1 | 1 | 2 | 0 |

- 1.3 Internal Audit provides a level of assurance upon completion of audit work. A definition for each assurance level is documented in each audit report.

2. RECOMMENDATIONS

- 2.1 Audit and Scrutiny Committee to review and endorse this summary report and the detail within each individual report.

3. DETAIL

- 3.1 A high level summary of each completed audit report is noted below:

Capital Monitoring: This audit has provided 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. The Council has an approved Capital Programme Planning and Management Guide which is aligned to Financial Regulations and good practice however it has not been updated since 2018 due to the ongoing development of a new Capital Strategy. Monthly capital monitoring processes are well established and monitoring reports are presented to appropriate audiences. It would be beneficial to engage with project managers to identify

training needs and address these through the development of a training programme to help ensure a consistent and robust approach to capital project management. In particular this should include training on capital project profiling.

Intercompany Controls (LiveArgyll): This audit has provided a substantial level of assurance. Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk. Expenditure and payroll transactions are appropriately authorised and allocated between Company 1 and Company 2, however allocating payroll costs to LiveArgyll requires manual intervention, reasonableness checks and sample testing. Appropriate authorisations levels have been established across the key systems that LiveArgyll and Council officers use to provide services that LiveArgyll require however there is a need for guidance on how to process invoices in relation to LiveArgyll. In addition the Council should consult and take account of LiveArgyll's opinion on any process changes which will impact on them prior to implementing them.

Charging for Non-Residential Care Services: This audit has provided 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. Guidance is readily available, appropriately updated and published in line with national strategy. Community Based Charging re-assessment forms were available for review, and found to have been completed in accordance with the charging scheme. The service users were correctly notified and charged for services received, however, a small number of service users were found to be paying the incorrect charge for community alarms via standing order. Letters issued to service users did not explain it is the service user's responsibility to notify the Council of changes to financial circumstances. Charges were found to have been applied in a fair and equitable manner across service user groups, however, the Council's charges are among the highest in Scotland. We were unable to establish if the level of charges was affecting service user uptake as the data was not structured in such a way as to make analysis possible.

Sickness Absence: This audit has provided 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. The Council has a 'Maximising Attendance at Work Policy' with comprehensive associated procedures and guidance which are readily available on the HUB. The Council has trigger levels for absence which, if exceeded, require intervention by line managers. Return to work interviews had not been conducted in 53% of periods of absence. Procedures should be updated to reflect the requirement for managers to record both Return to Work and attendance review meetings. The Council regularly reports sickness absence statistics to all appropriate bodies.

Workforce Planning: This audit has provided 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. The Strategic Workforce Plan sets out what the Council will do to ensure they have a workforce that will deliver their ambitions for the future for the organisation. Services are required to review and update their workforce plans every six

months and are required to identify gaps using a risk based approach. Staff are encouraged and supported to undertake training opportunities through the LEON system and managers are encouraged to support staff achieve their potential. The Talent Management programme and Growing Our Own offer initiatives to encourage people to join the Council and are also open to current employees. However, there is no consolidated process to monitor progress against the actions agreed in the Plan.

Warden Services: This audit has provided a limited level of assurance as 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 at risk. Four environmental wardens cover the Council area including the islands, however the wardens are not strategically based, following a reduction in FTE as a result of budget pressures, to provide an efficient service across Argyll and Bute and levels of service delivery in MAKI are disproportionately low. Wardens are expected to carry out a second bin verification process which should be reviewed to assess whether it should be retained in its current form. There may be opportunities for collaborative working within the Park Authority Area which the Council could explore. Wardens are knowledgeable about their duties due to the length of time they have worked in the service however there are limited documented policies and procedures to support service delivery. Reporting mechanisms are in place for litter control and recording of complaints and warden activity is reported to the Operations Manager. Times spent on LEAMS audits is currently begin categorises as 'litter control' which is not an accurate description of the activity undertaken.

Disaster Recovery Planning (ICT): This audit has provided a limited level of assurance as 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 at risk. There are 43 application disaster recovery plans in place that outline the step-by-step procedures and responsibilities to recover the Council's IT systems, operations and data in the event of a disaster. The DRPs are comprehensive and available to relevant officers however none of them have been reviewed since 2018. The plans detail the frequency of testing, however none of them have been subject to formal testing. The Council have recognised the need to test them in the recently refreshed ICT and Digital Strategy. Plans are stored on Sharepoint on a shared drive and access is restricted to relevant personnel.

4. CONCLUSION

4.1 Management has accepted each of the reports submitted and have agreed responses and timescales in the respective action plans.

5. IMPLICATIONS

5.1 Policy - None

5.2 Financial - None

5.3 Legal - None

5.4 HR – None

5.5 Fairer Scotland Duty - None

5.5.1 Equalities – None

5.5.2 Socio-Economic Duty – None

5.5.3 Islands Duty - None

5.6 Risk - None

5.7 Customer Service – None

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APPENDICES

1. Capital Monitoring Audit Report
2. Intercompany Controls (LiveArgyll) Audit Report
3. Charging for Non-residential Care Services Audit Report
4. Sickness Absence Audit Report
5. Workforce Planning Audit Report
6. Warden Services Audit Report
7. Disaster Recovery Planning (ICT) Audit Report