

Argyll and Bute Council
Internal Audit Report
October 2021
Final

Oban Airport

Audit Opinion: High

	High	Medium	Low	VFM
Number of Findings	0	1	0	0

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1. Executive Summary

Introduction

1. As part of the 2021/22 internal audit plan, approved by the Audit & Scrutiny Committee in March 2021, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Oban Airport.
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. Oban Airport is one of three aerodromes operated by the Council, and licensed under Article 211 of the ANO 2009 by the Civil Aviation Authority (CAA). Deemed as a Public Service Obligation (PSO), scheduled services, and scholar flights for island school children, operate from Oban airport to Coll, Colonsay, Islay and Tiree. Additionally, the airport deals with chartered traffic and military flights as well as general aviation traffic such as medevacs, coastguard operations, training flights and scenic tours by private operators.
5. Prior to the grant of a licence and for continued licensing, the CAA requires the Aerodrome Operator to meet the minimum standards detailed in CAP168 Licensing of Aerodromes. CAP 168 sets out the standards required at UK national licensed aerodromes relating to management systems, operational procedures, physical characteristics, assessment and treatment of obstacles, visual aids, rescue and fire-fighting services and medical services.
6. The Oban Airport Aerodrome Manual (the Manual) provides information about the airport, its systems for managing safety and the required operational procedures. The Airport Rescue & Fire Fighting Service (RFFS) manual provides guidance on the agreed policy and procedures designed to achieve an effective and efficient RFFS. Both manuals are derived from CAP168.
7. Oban Airport operate the 'Redkite Equipment Management system' which is used in all UK airports to help ensure they meet the requirements of the CAA in regard to RFFS personnel and equipment.
8. The overall remit of internal audit is to provide assurance over compliance with the 22 airport operating instructions (AOIs) established by the Manual and the further procedures established by the RFFS manual. Our approach, agreed in 2018/19, is to provide this assurance over a five year cyclical basis.

Scope

9. The scope of the audit was to provide assurance over compliance with five of the airport operating instructions (AOIs) established by the Manual and the further procedures established by the RFFS manual as outlined in the Terms of Reference agreed with the Oban Airport Station Manager on 28 September 2021. The operating instructions audited in 2021/22 were:
 - AOI 18 – Recording Aircraft Movements
 - AOI 19 – Accident, Incident & Occurrence Reporting
 - AOI 20 – Aerodrome Ground Maintenance
 - AOI 21 – Unmanned Aircraft Systems
 - AOI 22 – Airport Indemnity

Risks

10. The risks considered throughout the audit were:
 - Audit Risk 1: Failure to comply with operating instructions could result in increased risk of accidents and/or the airport losing its CAA licence

Audit Opinion

11. 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.
12. Our overall audit opinion for this audit is that we can take a high level of assurance. This means that 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.

Recommendations

13. We have highlighted one medium priority recommendation where we believe there is scope to strengthen the control and governance environment. This is summarised below:
 - training should be provided in the use of ground maintenance equipment
14. 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

15. 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
CO1	The Manual, setting out the operational procedures of the airport, is up to date, appropriate and accessible to all relevant staff.	Audit Risk 1	High	The Manual is updated annually and is available to appropriate officers.
CO2	AOI18 – The airport complies with the operating instructions to record Aircraft movements.	Audit Risk 1	High	Aircraft movements are compiled by the Aerodrome Flight Information Service Officer (AFISO), or during busy periods by another crew member and are recorded appropriately.
CO3	AOI19 – The airport complies with the operating instructions to report accidents, incidents and occurrences.	Audit Risk 1	High	Accidents, incidents and occurrences associated with the operation of an aircraft are reported appropriately internally and externally. All reports are recorded internally on the airport database.
CO4	AOI20 – The airport complies with the ground maintenance programme.	Audit Risk 1	Substantial	Ground maintenance procedures have been designed to ensure there is a system in place to maintain the airfield to a suitable standard. However, no formal training has been provided in the use of ground maintenance equipment.
CO5	AOI21– The airport complies with the Unmanned Aircraft System instructions.	Audit Risk 1	High	Unmanned Aircraft System instructions are in place to ensure there is no interference during normal operation of flights in and out of the airport.
CO6	AOI22 – Procedures and processes are in place to ensure the airport can operate out of hours.	Audit Risk 1	High	An Aircraft Indemnity process is in place to allow the use of the aerodrome out with published operating times.

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

3. Detailed Findings

The Manual, setting out the operational procedures of the airport, is up to date, appropriate and accessible to all relevant staff

17. The Manual is available to all relevant personnel on the Council HUB with a hard copy held onsite at the airport. Each section within the Manual sets out:
- the Council's policy and established procedures to ensure compliance with relevant rules and/or regulations
 - appropriate monitoring arrangements (where applicable)
 - roles and responsibilities of relevant personnel
18. The Manual is reviewed annually by the Station Manager, last updated November 2020. The updated version is submitted to the CAA who have 28 days to highlight any queries on the Manual's content. If no response is received in 28 days then the revised Manual is adopted. The annual review is currently being undertaken.
19. In June 2020, in response to COVID, a guidance manual entitled 'Oban & the Isles Airports – COVID secure procedures' was issued by the Station Manager. It is available on the Council HUB and paper copies are kept in the office.

The airport complies with the operating instructions to record Aircraft movements

20. CAP168 Licensing of Aerodromes requests that all aircraft movements are to be recorded. The following is recorded:
- aircraft type and registration
 - flight number
 - type of flight
 - destination or departure aerodrome
 - time of departure/arrival
 - aircraft operator
 - number of persons on board
21. Aircraft movements are compiled by the Aerodrome Flight Information Service Officer (AFISO), or during busy periods by another crew member. Aircraft movements are recorded appropriately on the airport database.

The airport complies with the operating instructions to report accidents, incidents and occurrences

22. The Aerodrome Safety Management System outlines the principle and purpose of accident and incident reporting. Additionally, there are mandatory requirements for reporting accidents and incidents.
23. The Manual states that the Station Manager is responsible for:
- all incidents are investigated
 - a no blame philosophy is pursued
 - all mandatory reporting procedures are followed in a timely manner
 - radio transmission frequencies (RTF) are retained
 - appropriate steps are taken to circulate the findings of accident/incident investigations

24. The Manual requires the duty AFISO to make verbal and written reports. All reports are recorded internally on the airports database. External reports are made directly to the UK Aircraft Accident Investigation Branch (AAIB). All matters reported to the AAIB/CAA culminate in formal reports which are available to the public and staff.

The Airport complies with the grounds maintenance programme

25. Ground Maintenance procedures are in place to ensure there is a system to maintain the airfield to a suitable standard, incorporating:

- grass cutting
- strimming
- weed and moss control
- perimeter fence maintenance
- egress gate access

26. The Manual states that prior to operating any item of equipment, sufficient training must be carried out on each item and the Station Manager must be satisfied with the competence of the operator before allowing them to operate the equipment. In addition only personnel suitably trained are permitted to use the tractor and attachments.

27. The Manual states that knapsack sprayers must only be used by personnel in possession of the relevant PA1 and PA6 certification, two members of staff currently hold this certification. However, no formal training has been provided in the use of ground maintenance equipment.

Action Plan 1

The airport complies with the Unmanned Aircraft System instructions

28. The use of unmanned aircraft systems/unmanned aerial vehicles (UAS/UAV - drones) is permitted as long as the activity does not interfere with the normal operation of manned flights in and out of the Airport. Strict compliance to the Airport Operating Instruction and the CAP 722 must be adhered to.

29. The Manual states the procedures in place to request to operate a UAV:

- notify the airport to request to operate at least 24 hours before
- airport to issue a NOTAM (Notice to Airmen) and ensure any aircraft in the vicinity is notified
- the operator collects a UHF radio on arrival to the airport. In the event of radio communications failing, light signals may be used and a guide to these are stated in CAP 637
- responsibility for the safe operation of the UAV rests with the operator and insurance must be in place prior to any UAV operation

30. All requests for the use of UAS/UAVs are recorded on the airports database accordingly.

Procedures and processes are in place to ensure the airport can operate out of hours

31. The Airport Indemnity process has been developed to allow use of the aerodromes out-with the published operating times for light non-commercial aircraft on the premise that no provisions

such as RFFS, aerodrome inspections, wildlife hazard or foreign object debris (FOD) checks are available. This places the risk of operating under these conditions on the aircraft user.

32. Indemnity is only currently available to aircraft operators whose maximum take-off weight is less than 2730kg. Commercial activity is not permitted unless specific approval has been granted by Senior Council Management. Safety of life services and military have been given indemnity to operate due to the nature of their roles.
33. Procedures are in place to ensure that:
 - the appropriate form is completed
 - a valid certificate of insurance is provided
 - payment is received in accordance with agreed charges
 - a signed permit is issued

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p>Ground Maintenance</p> <p>The Manual states that prior to operating any item of equipment, sufficient training must be carried out on each item and the Station Manager must be satisfied with the competence of the operator. In addition only personnel suitably trained are permitted to use the tractor and attachments. No formal training has been provided in the use of ground maintenance equipment.</p>	Ground maintenance equipment may not be operated out in line with requirements.	Station Manager will arrange/formulate the records and training packages for the ground equipment and add this to the training manual.	<p>Station Manager/Crew Commanders</p> <p>31 March 2022</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.
VFM	An observation which does not highlight an issue relating to internal controls but represents a possible opportunity for the council to achieve better value for money (VFM).

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 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.