

## 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.

| <b>Audit Name</b>  | <b>Level of Assurance</b> | <b>High Actions</b> | <b>Medium Actions</b> | <b>Low Actions</b> | <b>VFM Actions</b> |
|--|---------------------------|---------------------|-----------------------|--------------------|--------------------|
| Child Protective Services  | Substantial               | 0                   | 0                     | 1                  | 0                  |
| Contract Management: Roads and Infrastructure Services   | Limited                   | 2                   | 1                     | 0                  | 0                  |
| Fixed Asset Register   | Reasonable                | 0                   | 5                     | 2                  | 0                  |
| Oban Airport   | High                      | 0                   | 1                     | 0                  | 0                  |
| Street Cleaning  | Substantial               | 1                   | 2                     | 1                  | 1                  |
| HSCP – Care Programme Approach (Part of the HSCP Internal Audit Plan and presented for information only) | Limited                   | 3                   | 1                     | 0                  | 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:

**Child Protective Services:** 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. The Council has in place a wide range of policies, procedures and protocols which are available to all staff on the Councils website and there is a comprehensive training programme in place. The procedures conform to national guidance and are consistent with legislative requirements. The Child Protection Committee conforms to the requirements stipulated within national

guidance such as performance reporting and strategic planning, however the Council's Pyramid Management Performance data has not been updated with performance data. Child Protective Services have representation across all relevant agencies. The Council works effectively with other relevant agencies.

**Contract Management - Roads and Amenity 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. Contract management procedures are in place to provide guidance on the day to day operational management of contracts with roles and responsibilities clearly defined within the procedures. However, roles and responsibilities within the department have not been assigned to current contracts resulting in day to day contract monitoring not being carried out. Contract management training was delivered to relevant staff in 2019 and refresher training in April 2021. No formal performance monitoring and reporting arrangements are in place for the 20 contracts currently in progress.

**Fixed Assets Register:** This audit has provided a reasonable level of assurance. 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. Strategies and plans are prepared and submitted for Council approval each year, responsibilities are set at an appropriate level and system access is appropriately controlled, however, there is no system in place to review access rights periodically. Fixed asset records are maintained on AIRS for financial reporting purposes and on a number of other systems throughout the Council for operational reasons. There are inconsistencies in the use of asset descriptions between the systems and no full reconciliation of records has been undertaken. There is a five year rolling programme of revaluation for estates assets to reflect fair value and assets under construction are recorded at actual cost incurred to date, the remaining assets are recorded at historical cost with adjustments for additions, disposal and transfers. Assets are manually adjusted at the year end to reflect their current status and value, one error of transposition was found in the sample selected for review. There were 103 assets reporting a net book value of £0 and nine assets were found to have been incorrectly treated for depreciation. A reconciliation between the AIRS system and the General Ledger takes place at the year-end however, there was no evidence that this had been reviewed by a senior officer.

**Oban Airport:** This audit has provided a high level of assurance as internal control, governance and the management of risk are at a high standard. The audit reviewed 5 of the 22 operating instructions contained within the aerodrome operating manual and all were found to be satisfactory. 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.

**Street Cleaning:** 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. Risk assessments, guidance and training resources are communicated and available to employees, however, the safety instructions/tool box talks manual has not been reviewed in accordance with the review schedule. Both manual and electronic work schedules have appropriate content, however, the electronic schedules

are not being updated consistently across all areas. Internal recharges are processed for sweeping of the Council's income generating car parks but not free car parks. Vehicles and equipment are subject to the necessary inspection and maintenance regimes and driver licences are checked twice yearly, however, one driver was not recorded on the Tranman system and two drivers have not been checked in the last 9 months. Performance standards are clearly communicated and evidenced through good results published annually in Local Environmental audit and Management System (LEAMS) report. An arrangement with Oban Business Improvement District (BID) to recover the cost of an additional seasonal street sweeper has not been formally documented.

**HSCP – Care Programme Approach (CPA):** This audit was delivered as part of the HSCP 2021/2022 Internal Audit Plan and is presented for information only. 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 are at risk. There are no agreed CPA procedures, including client assessment processes, to support a consistent approach to CPA across the HSCP. In addition no CPA training has been provided. As there are no CPA procedures we are not able to provide any assurance that CPA processes are being consistently implemented and complied with across the HSCP. Client records are maintained on several systems across the HSCP however there is no consistent agreed approach for recording client records.

#### **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 Climate Change – None
- 5.7 Risk - None
- 5.8 Customer Service – None

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#### **APPENDICES**

1. Child Protective Services
2. Contract Management Roads & Infrastructure Services
3. Fixed Assets Register
4. Oban Airport
5. Street Cleaning
6. HSCP – Care Programme Approach (for information only)