

INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2022/2023

1. EXECUTIVE SUMMARY

- 1.1 There are Nine 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
Externally Funded Projects	Substantial	0	2	1	0
Heritage Assets	Substantial	0	1	5	0
Early Years	High	0	0	0	0
Private Sector Grants & Housing Adaptations	Substantial	0	1	2	0
Oban Airport	High	0	0	0	0
LiveArgyll - Campbeltown Aqualibrium	Substantial	0	1	0	0
Performance Management – HSCP (Part of the HSCP Internal Audit Plan and presented for information only)	Substantial	0	1	0	0
Directions – HSCP (Part of the HSCP Internal Audit Plan and presented for information only)	Substantial	0	3	0	0
Commissioning – HSCP (Part of the HSCP Internal Audit Plan and presented for information only)	Substantial	0	0	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:

Externally Funded Projects-Rothesay Pavilion: This audit has provided a Substantial level of assurance. This means internal control, governance and the management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk. Terms and conditions are in place for all external funders. Extensive use of external funders was noted. Internal audit took assurance from an external review of European Union (EU) carried out by the Scottish Government. A grant claim for £308k is outstanding from European Regional Development Fund (ERDF) dating back to April 2021. Comprehensive highlight reports are produced on a regular basis by the project manager which covers all issues pertinent to the project. Regular meetings are held with external funders and chaired by the Head of Commercial Services. Updates to Council committees are provided periodically on the matter of ongoing developments and financial position relating to the Rothesay Pavilion.

Heritage Assets: 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. Asset management documentation is approved annually by Council and heritage assets values are correctly reflected on the Council's Annual Accounts. Heritage assets are appropriately managed and insured with the exception of archive documents that are considered to be of value. Detailed records of assets are held within each area of responsibility, however, 6 artworks were omitted from the Argyll collection record and 4 of the 11 artworks and one located at another authority recorded as missing had not been updated when recovered/located. Museum exhibits and artworks on display are available to view during premises opening hours and items in storage areas are secure, however, in some cases the artworks are inappropriately stacked against each other. Civic chains and archive documents are secured in council accommodation and made available for use by prior arrangement. Elements of the collections can be accessed digitally by members of the public from their personal devices, however there is no access to historical archive records by this means. Most of the collections are subject to periodic or ad-hoc inspections, however, these are not always recorded. The Argyll Collection is not currently rotated around schools and is not inspected unless loaned to external organisations who will check the condition of the artwork. Heritage assets are recorded as fixed assets on the Council's fixed asset management system, AIRS, however there was no inclusion of the civic chains nor any archive documents considered to be of value.

Early Years: This audit has provided 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. The Covid recovery funding provided the Early Years team with the ability to bring forward a future planned project to support effective transitions into Primary School. Management were able to react quickly by redeploying resources already within the team to create the 12 month secondment for the Education Support Officer (ESO) Transitions post, which has assisted them in developing plans and taking action to embed play-based pedagogy in early

primary and creating the Argyll and Bute Play Pedagogy Network on Google classroom. This allows teachers to share good practice across the authority and as mechanism for the ESO to deliver network sessions, post Career-long Professional Learning (CLPL) webinars and provide participants with up to date literature / blogs etc. about play. There is good evidence of engaging with staff and using feedback to tailor materials and help shape training and development and identify a key Improvement Outcome for future year's transitions. The Scottish Government required only minimal reporting which the Council has complied with.

Private Sector Grants & Housing Adaptations: 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 volunteered to participate in a review of the Scheme of Assistance an action with a target date of 2023, is contained in the Local Housing Strategy (LHS) 2022-2027. Applications and referrals for assistance are assessed, processed and recorded in line with procedures. There would be benefit to updating the procedures to reflect current working practices, which have evolved due to hybrid working arrangements and the digitalisation of records. Grants, claims and disbursements are processed in line with procedures and adequate evidence of expenditure is provided and retained. There is clear evidence of separation of duties at each stage of the process with staff communicating and working well together to confirm tasks relating to the processing of grants applications and payments are dealt with timeously. There are good record retention processes. There is extensive monitoring and reporting of the PSHG funds including performance relating to those helped.

Oban Airport: This audit has provided 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. This audit covered 5 of the 22 operating instructions within the aerodrome operating manual and all were found to be satisfactory. The Manual is updated on an annual basis and no audit issues were raised.

Campbeltown Aqualibrium This audit has provided a substantial level of assurance. This means that internal control, governance and the management of risk are satisfactory and any issues identified can be managed through a programme of works. It was noted during the visit that water ingress was evident in some areas of the building and although these had been reported and in some cases repaired to some degree more permanent repairs are required to maintain functionality in all areas and minimise the risk to staff and customers who use the facility. Management have outlined that all agreed maintenance protocols had been adhered too and that water ingress issues have regularly reported and these will in part be dealt with as part of the Asset Management Plan.

Performance Management – HSCP (for information only): This audit has provided a substantial level of assurance. This means internal control, governance and the management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk. There has been a moving theme in the type and approach to performance management this has been largely due to the Covid pandemic. Performance reporting during the pandemic focussed on addressing the re-mobilisation of services. This new

approach was per the guidance from the Scottish Government and was based upon 6 priority areas. A revised Integrated Performance Management Framework (IPMF) is currently being prepared and will focus on eliminating long waits in both inpatient and outpatients services. Performance targets during COVID were set at 70%-80% of the 2019/20 service activity as at November 2021. Targets were agreed with the Scottish Government. Performance reporting will be based upon a revised set of targets that reflect priorities going forward. Performance is regularly reported to the Integrated Joint Board (IJB) at their bi-monthly meetings. Health and Social Care Partnership (HSCP) performance information should be made available on the Councils performance information system. A comprehensive annual report for 2020-21 which includes a summary of performance against targets has been published.

Directions – HSCP (for information only): This audit has provided a substantial level of assurance. This means internal control, governance and the management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk. A strategic Commissioning Plan has been published in accordance with Scottish Government Guidance, however, a Directions Policy has not yet been prepared. Directions issued are clearly aligned to this plan and include all functions delegated to the IJB along with the allocated financial resources. Directions are promptly issued and a log is maintained, however, the log does not indicate the current status/progress in implementing the content of the directions issued, nor is this progress reported to the IJB committee as part of the quarterly performance updates. The budgets allocated to functions as a result of the budget proposal directions are monitored via budget monitoring reports.

Commissioning – HSCP (for information only): 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. Whilst the risks of commissioned providers withdrawing from the market can never be fully mitigated, working together the HSCP and the Council's procurement team have put in place measures to minimise the risk and impact of commissioned service providers withdrawing from the market. Taking a risk based approach, prior commissioning with a provider for services, numerous checks are undertaken. The Scottish Government and COSLA jointly published guidance on the Procurement of Care and Support Services, in line with the guidance, the first HSCP Joint Strategic Commissioning Strategy for everyone in Argyll and Bute who require health and social care services was approved in March 2022. In addition, the Council have well established procurement policies and procedures in place. A Procurement Strategy and The Procurement Manual are the overarching documents applicable to Council staff involved in the procurement process. The Council's procurement staff work alongside HSCP staff to ensure that ongoing monitoring is undertaken with regular meetings held with providers, HSCP staff, the Care Inspectorate where appropriate and Council procurement staff. A review of performance and assessment of value for money forms part of the process of ongoing regular meetings with suppliers. Measures are in place to minimise the impact of commissioned service providers withdrawing from the market. The HSCP guidance document: "Guidance for Closure of a Care Home", is guidance for the closure of a Care Home. The purpose of this document is to provide guidance for the HSCP to identify and manage any possible risks and ensure continuity of service provision in the event of a planned or unplanned closure of

a Care Home.

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. Externally Funded Projects
2. Heritage Assets
3. Early Years
4. Private Sector Grants and Housing Adaptations (To follow)
5. Oban Airport
6. Campbeltown Aqualibrium
7. HSCP – Performance Management
8. HSCP – Directions
9. HSCP - Commissioning