

Argyll and Bute Council  
Internal Audit Report  
January 2026  
FINAL

**Fuel-Oban Airport**

**Audit Opinion: Substantial**

	High	Medium	Low	VFM
Number of Findings	0	1	3	0

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## 1. Executive Summary

### Introduction

1. This audit was undertaken outside the approved 2025/26 internal audit plan at the request of Oban Airport management, as a proactive assurance review of fuel operations at Oban Airport requested by the Civil Aviation Authority (CAA). The audit examined whether appropriate controls, procedures, and oversight arrangements are in place to support safe and compliant fuel handling activities.
2. The audit was conducted in accordance with the Global Internal Audit Standards (GIAS) 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 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 operates aviation fuel storage, handling and dispensing activities that must comply with the Civil Aviation Authority (CAA) regulatory framework and internal operational procedures. Fuel quality, contamination controls, stock management and documentation standards are set out in Aerodrome Manual Part 4 (AOI-13 – Fuel Management) and the Oban Airport Fuelling Procedures Manual (Version 2.1, August 2025). These documents outline mandatory requirements for fuel sampling, water detection, stock measurement, record-keeping, equipment maintenance, and staff competence.
5. During a recent CAA oversight assessment, a compliance finding (ADR.6639) noted that an external fuel audit required by the Aerodrome's compliance monitoring schedule was overdue. The CAA stated that a fuel audit should be carried out "at the earliest opportunity" to demonstrate compliance with Article 217 of the Air Navigation Order and Appendix 2C of the Aerodrome Safety Management System requirements. A second finding (ADR.6642), relating to Avgas water-testing procedures, has since been closed following procedural updates, but remains relevant background to fuel sampling expectations.
6. To address the CAA finding and provide assurance to management, this audit will independently review whether the Airport's fuel storage, sampling, testing, record-keeping, maintenance and reconciliation procedures are being implemented effectively, consistently and in accordance with regulatory and internal procedural requirements.

### Scope

7. The scope of the audit was to assess whether fuel sampling, storage, handling, record-keeping, maintenance, and reconciliation processes at Oban Airport comply with the requirements set

out in AOI-13 Fuel Management, the Fuel Procedures Manual (v2.1) as outlined in the Terms of Reference agreed with the Oban Airport Manager on 27<sup>th</sup> November 2025.

### Key Dates

8. The Terms of Reference provided provisional timescales for the review to take place, the actual dates are noted below.

#### *Exhibit 1 – Key Dates*

<b>Stage</b>	<b>Actual Date</b>
Terms of Reference agreed	27 <sup>th</sup> November 2025
Fieldwork Commencement	1 <sup>st</sup> December 2025
Draft Report issued	14 <sup>th</sup> January 2026
Management Comments received	20 <sup>th</sup> January 2026
Final Report issued	27 <sup>th</sup> January 2026
Audit and Scrutiny Committee	12 <sup>th</sup> March 2026

### Risks

9. The risks considered throughout the audit were:
- Audit Risk 1: Fuel contamination risk due to inadequate sampling or testing
  - Audit Risk 2: inaccurate fuel measurement and reconciliation
  - Audit Risk 3: Non-compliance with CAA, aerodrome procedures, and mandatory documentation
  - Audit Risk 4: Insufficient governance, oversight, and escalation

### Audit Opinion

10. 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 are provided in Appendix 2 to this report.
11. Our overall audit opinion for this audit is that we can take 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.

## Recommendations

12. We have highlighted one medium priority recommendations and 3 low priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:

- Fuel procedures should be formally reviewed and approved in line with the defined review cycle.
- A structured fuelling training and competency record should be implemented.
- A formal internal fuel inspection schedule should be documented and monitored
- Overdue fuel risk assessments should be reviewed and approved in line with defined timescales.

13. 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

14. 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

	<b>Control Objective</b>	<b>Link to Risk</b>	<b>Assessment</b>	<b>Summary Conclusion</b>
CO1	Fuel supplied, stored, sampled, and dispensed at Oban Airport is tested, recorded, and monitored in accordance with regulatory, safety and manufacturer requirements, ensuring aviation fuel remains uncontaminated and airworthy.	Audit Risk 1 Audit Risk 2 Audit Risk 3	High	Our review confirmed that fuel supplied, stored, sampled and dispensed at Oban Airport is subject to effective controls and monitored in line with AOI-13 and the Airport's Fuel Procedures Manual. Fuel quality checks are performed and recorded consistently, providing assurance that aviation fuel is routinely tested and maintained. Fuel deliveries, stock records and dispensing activity are accurately documented and fully traceable from supplier receipt through to issue to aircraft. Routine inspections and site visit observations confirmed that fuel storage and dispensing equipment is safely maintained, with no material safety or compliance issues identified.
CO2	Fuel quantities delivered, stored, and dispensed are accurately measured, reconciled, and recorded, with appropriate	Audit Risk 1 Audit Risk 2 Audit Risk 3	High	Our review confirmed that fuel quantities delivered to Oban Airport are accurately documented, reconciled, and traceable through supplier delivery records, consignment statements, and monthly monitoring sheets. Fuel stock reconciliation is performed on a

	verification controls in place (including, where applicable, Weights & Measures calibration or testing), ensuring discrepancies are identified, investigated and acted upon.			regular monthly basis, with opening balances, deliveries, dispenses, and closing balances logically reconciling and no unexplained variances identified. Fuel dispensing activity is comprehensively recorded through metered outputs and operator logs, providing a clear audit trail from issue to stock movement. Meter readings used for stock control are recorded consistently and reconcile to recorded dispensing volumes, providing reasonable assurance over the accuracy and completeness of fuel quantity recording.
CO3	The Airport maintains effective oversight arrangements, documented procedures, audits, training records, and compliance monitoring to ensure safe fuel operations in line with CAA expectations and internal policies.	Audit Risk 1 Audit Risk 2 Audit Risk 3 Audit Risk 4	Reasonable	Oban Airport has documented fuel procedures, defined version control arrangements, and a stated 12-month review cycle; however, there is insufficient evidence to demonstrate that procedures are consistently reviewed, formally approved, or explicitly aligned to current CAA requirements. Training arrangements for fuelling staff are informal and not supported by complete, auditable training records, meaning assurance over staff competency and awareness of up-to-date procedures cannot be fully demonstrated. While internal oversight and monitoring arrangements are operating effectively through regular management review of fuelling activity, inspection records lack a formalised schedule and consistent sign-off to confirm completeness. Fuel-related risk assessments are comprehensive and well designed, but overdue reviews weaken assurance that risks are being actively managed in line with defined governance expectations.

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

### 3. Detailed Findings

*Fuel supplied, stored, sampled, and dispensed at Oban Airport is tested, recorded, and monitored in accordance with regulatory, safety and manufacturer requirements, ensuring aviation fuel remains uncontaminated and airworthy.*

16. Our review of daily and weekly fuel sampling arrangements confirmed that fuel quality checks are being carried out and recorded consistently in line with AOI-13 and the Oban Airport Fuel Procedures Manual. Examination of six months of sampling records, supported by observations made during the site visit, evidenced daily water-content checks for both Jet A-1 and AVGAS, routine sump sampling and nozzle inspections, weekly filter and dispenser checks, temperature readings, and operator sign-off. Records were sequential, complete, and showed no gaps or omissions. Based on the evidence reviewed, fuel sampling controls are operating effectively and provide assurance that aviation fuel quality is being routinely monitored and maintained in accordance with regulatory and internal requirements.
17. Our review of fuel delivery records confirmed that fuel delivered to Oban Airport is appropriately documented and fully traceable in line with AOI-13 and the Fuel Procedures Manual. Delivery documentation for Jet A-1 was examined and found to include the delivery date, batch number, quantity delivered, supplier details, and confirmation of receipt. Consignment stock returns were reconciled to the airport's monthly monitoring sheets and were consistent with recorded deliveries, demonstrating a clear audit trail from supplier delivery through to on-site fuel storage. Based on the evidence reviewed, fuel delivery controls are operating effectively and provide assurance over the traceability and integrity of fuel entering the airport's fuel system.
18. Our review of stock reconciliation arrangements found that fuel stock records are being maintained. Monthly fuel monitoring sheets were examined and were found to record opening and closing balances, deliveries received, dispensed volumes, and running totals. These figures reconcile to the consignment stock returns submitted to Total Aviation and are consistent with fuel dispense records derived from HTEC outputs and Hebridean Air Services uplift logs. No unexplained variances or gaps in stock movement were identified for the period reviewed. Based on the evidence examined, stock reconciliation controls appear to be operating effectively and provide reasonable assurance over the accuracy of recorded fuel quantities.
19. Our review of internal inspection records, maintenance documentation, and routine fuel-farm check logs, together with observations made during the site visit, found that fuel storage and dispensing equipment for scheduled services are being maintained in line with AOI-13 and the Oban Airport Fuel Procedures Manual. During the site visit, the fuel storage tank was observed to be clearly labelled, secured, and operating under staff supervision, with no signs of active leaks, uncontrolled access, or unsafe practices. Minor surface corrosion and staining were noted on parts of the tank and fittings; however, maintenance records confirm that annual external inspections are undertaken and that no material defects requiring immediate remedial action were identified. Overall, the controls in place provide reasonable assurance over the integrity and safety of fuel storage arrangements.

*Fuel quantities delivered, stored, and dispensed are accurately measured, reconciled, and recorded, with appropriate verification controls in place (including, where applicable, Weights &*

*Measures calibration or testing), ensuring discrepancies are identified, investigated and acted upon.*

20. Our review of fuel delivery documentation, including supplier delivery records and the Total Aviation Consignment Stock Statements, confirmed that fuel deliveries to Oban Airport are appropriately documented and traceable. Each delivery record includes key details such as batch number, delivery date, quantity delivered, and supplier identity. Volumes recorded on the supplier consignment statements were reconciled to entries within the airport's Monthly Fuel Monitoring Sheets for the corresponding periods, with no unexplained variances identified. The documentation reviewed provides a clear audit trail from supplier dispatch through receipt into on-site storage, demonstrating that delivered fuel volumes are accurately recorded and incorporated into the airport's stock control processes.
21. A review of fuel stock reconciliation arrangements confirmed that the airport maintains monthly stock monitoring sheets recording opening balances, fuel deliveries, volumes dispensed, and closing balances. These records demonstrate regular reconciliation activity, with movements reconciling for each reporting period reviewed. Delivery volumes recorded within the monitoring sheets align with supplier consignment statements, and dispensed volumes align with metered and manual issue records reviewed elsewhere in this report. No unexplained variances, omissions, or inconsistencies were identified.
22. A review of HTEC metered output records and monthly fuel monitoring sheets confirmed that meter readings are recorded consistently and align with recorded dispensing volumes. Readings appear sequential and complete, with no evidence of missing periods, unexplained movements, or transcription errors. Correspondence from Trading Standards confirms that petroleum safety inspections are undertaken on a risk-based, unannounced basis, and that routine Weights & Measures testing of Liquid Fuel Measuring Instruments is not mandatory unless specifically requested or risk-triggered.

*The Airport maintains effective oversight arrangements, documented procedures, audits, training records, and compliance monitoring to ensure safe fuel operations in line with CAA expectations and internal policies.*

23. We reviewed the Fuel Procedures Manual, the AOI-13 section of the Aerodrome Manual, and the Document Management History for the Fuel Management Manual to assess whether documented fuel procedures are current, formally approved, and aligned to CAA expectations. The Document Management History confirms that version control arrangements are in place and that a 12-month review cycle has been defined. However, the documentation reviewed does not clearly evidence that the most recent review has been completed in accordance with this cycle, nor does it identify the responsible approving officer or demonstrate explicit confirmation that procedures have been reviewed against current CAA requirements. As a result, while review arrangements are documented, assurance over their consistent application, formal approval, and regulatory alignment cannot be fully demonstrated.

Action Plan 1

24. We reviewed the training documentation and related correspondence to assess the availability, completeness, and consistency of fuelling training records. Evidence indicates that Oban Airport does not maintain complete or consistently applied training records for all staff engaged in fuelling activities. The Airport Manager confirmed that fuelling training is delivered informally by supervisors and that no formal training package exists beyond documented procedures. It was also noted that following changes to training document formats, not all staff have re-signed the current procedures.

The training documentation provided shows limited staff sign-off and does not evidence defined refresher training intervals, competency assessments, induction training, or version-controlled updates linked to procedural changes. As a result, there is no clear assurance that all personnel involved in fuelling activities have read, understood, and been trained against the most up-to-date procedures.

#### Action Plan 2

25. We reviewed evidence of external and internal inspection activity, including the Annual Inspection 2025 report completed by an external contractor and the internal Fuel Maintenance Form (25-24), to assess whether fuel installation inspections are being undertaken at required intervals. The external inspection confirms that the airport is obtaining independent assurance over the condition and compliance of the fuel installation. Internal inspection records also demonstrate that routine checks are being performed, covering equipment condition, pumps, filters, bund integrity, and general maintenance requirements.

However, the documentation reviewed does not evidence a formally defined internal inspection schedule (e.g. daily, weekly, monthly, or quarterly), nor does it demonstrate monitoring of inspection completeness or follow-up of any missed checks.

#### Action Plan 3

26. Our review of the sampling logs, fuel delivery notes, stock reconciliation records, HTEC metered outputs, Hebridean Air Services uplift logs and monthly fuel monitoring sheets indicates that effective internal oversight and monitoring arrangements are in place for fuelling operations at Oban Airport. The evidence shows that the Airport Manager routinely reviews key operational and assurance information, including sampling results, fuel deliveries, stock balances and dispensed volumes, and compiles monthly monitoring sheets to support ongoing oversight. The completeness and consistency of daily and weekly sampling records, together with delivery and stock reconciliation documentation, demonstrate that fuelling activity is subject to regular management review and that significant anomalies or non-compliance would be identifiable. These arrangements provide reasonable assurance that governance and monitoring controls over fuelling operations are operating effectively.
27. Our review confirmed that Oban Airport has a comprehensive suite of documented fuel-related risk assessments covering all key fuelling activities, including fuel delivery, tanker operations, self-service fuelling (high- and low-wing aircraft), and general fuel station risks. The risk assessments reviewed clearly identify relevant hazards and specify appropriate control measures such as exclusion zones, bonding and earthing requirements, spill response arrangements, fire precautions, and operational supervision. The assessments are activity-specific, well structured, and broadly aligned with expected CAA fuel safety principles and AOI-

13 requirements, demonstrating that fuel-related risks are formally recognised and managed. However, it was noted that three risk assessments (OBN022, OBN023 and OBN024) had exceeded their defined review date, with reviews due on 23 November 2025 not yet completed. While this does not indicate an immediate safety failure, the absence of timely review weakens assurance that risk controls remain current and fully reflective of operational conditions. As a result, although the control framework is well designed, it is not operating effectively in full, and the control is assessed as unsatisfactory.

Action plan 4

28. Our review of contamination and spill incident reporting logs identified no significant fuel-related incidents in recent years. The only recorded incident was a minor fuel spill in April 2021, which related to a leaking fuel pump filter. The incident was documented at the time, and there is no evidence of recurring spills, unresolved contamination issues, or ongoing defects associated with the incident. Based on the evidence reviewed, fuel spill incidents appear to be rare, low-impact, and appropriately recorded when they occur.
29. The audit assessed access control and physical security arrangements for the fuel installation at Oban Airport. During the site visit, the fuel storage and dispensing areas were observed to be securely enclosed, with appropriate physical barriers and controlled access points in place. Access to the fuel installation is restricted to authorised personnel, and staff demonstrated an appropriate understanding of access and security requirements. Fuel storage tanks and dispensing equipment were clearly labelled, secured, and located within a controlled operational area, with no evidence of unrestricted public access or weaknesses in physical security. Overall, access control and security arrangements are consistent with AOI-13 requirements and the Airport's Fuel Procedures Manual, and provide effective protection against unauthorised access.

## Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p><u>Risk Assessments</u></p> <p>Oban Airport has a comprehensive and well-structured suite of documented fuel-related risk assessments covering all key fuelling activities, which are broadly aligned with CAA fuel safety principles and AOI-13 requirements. However, three risk assessments (OBN022 – Self-Service Fuel Station – General Risks, OBN023 – Aircraft Fuelling from Tanker, and OBN024 – Delivery of Fuel into Airport Storage) were not reviewed within the defined 12-month review period, with review dates due on 23 November 2025 not yet completed.</p>	<p>If fuel-related risk assessments are not reviewed within defined timescales, there is a risk that control measures become outdated and no longer fully reflect current operational practices, regulatory expectations, or emerging hazards.</p>	<p>Management will complete the overdue reviews of risk assessments OBN022, OBN023 and OBN024 as a priority, ensuring that all fuel-related risk assessments are reviewed, updated where necessary, and formally approved in line with the defined review cycle. Management should also ensure that a monitoring mechanism is in place to track review dates and prevent future lapses.</p>	<p>Oban Airport Manager</p> <p>31<sup>st</sup> January 2026</p>
Low	2	<p><u>Fuel Cycle procedural Reviews</u></p> <p>Documented fuel procedures exist and a 12-month review cycle is defined; however, there is insufficient evidence that reviews are consistently completed, formally approved, or explicitly aligned to current CAA requirements.</p>	<p>If fuel procedures are not reviewed and approved in line with the defined review cycle, there is a risk that procedures become outdated, staff follow superseded practices, and changes in regulatory or operational requirements are not incorporated in a timely manner.</p>	<p>Management will ensure that fuel procedures are reviewed in line with the defined 12-month cycle, with formal approval recorded, version control maintained, and explicit confirmation that procedures have been reviewed against current CAA and AOI-13 requirements.</p>	<p>Oban Airport Manager</p> <p>31<sup>st</sup> March 2026</p>
Low	3	<p><u>Training Records</u></p> <p>Training records for fuelling operations are incomplete and inconsistently maintained. Not all staff have signed current procedures, refresher training intervals are not defined, and there is no formal record of competency assessment.</p>	<p>Staff may undertake fuelling activities without adequate or up-to-date training, increasing the risk of unsafe practices, fuel contamination, or regulatory non-compliance.</p>	<p>Management will implement a formal training and competency framework for fuelling operations, including documented induction, refresher training intervals, version-controlled procedure sign-off, and a complete training record for all staff involved in fuelling activities.</p>	<p>Oban Airport Manager</p> <p>31<sup>st</sup> March 2026</p>

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Low	4	<u>Fuel Inspections</u>  External and internal fuel inspections are being carried out; however, there is no documented inspection schedule or evidence that required inspections are completed at defined intervals or subject to periodic completeness checks.	Without a formal inspection schedule and monitoring of completion, required inspections may not be undertaken consistently, increasing the risk that equipment defects or safety issues remain undetected.	Management will establish a documented inspection schedule covering all required internal fuel inspections, define inspection frequencies, and implement a process to monitor completion, follow up missed inspections, and retain evidence of review and sign-off.	Oban Airport Manager  31 <sup>st</sup> March 2026

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
<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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.
<b>VFM</b>	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
<b>High</b>	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.
<b>Substantial</b>	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.
<b>Reasonable</b>	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.
<b>Limited</b>	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.
<b>No Assurance</b>	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.