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Argyll and Bute Council
Comhairle Earra Ghaidheal agus Bhoid

Corporate Services
Director: Nigel Stewart

Kilmory, Lochgilphead, PA31 8RT
Tel: 01546 602127 Fax: 01546 604444
DX 599700 LOCHGILPHEAD
e.mail –nigel.stewart@argyll-bute.gov.uk

20 June 2008

NOTICE OF MEETING

A meeting of the **AUDIT COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **FRIDAY, 27 JUNE 2008** at **11:00 AM**, which you are requested to attend.

Nigel Stewart
Director of Corporate Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**

2. **DECLARATIONS ON INTEREST (IF ANY)**

3. **MINUTES**
   Audit Committee 27 March 2008 (Pages 1 - 4)

4. **COMMUNITY SERVICES - EDUCATION COMPUTER SERVICES REVIEW**
   Report by Head of Planning and Performance (Pages 5 - 6)

5. **MANAGING ATTENDANCE**
   Report by Head of Personnel Services (Pages 7 - 42)

6. **INTERNAL AUDIT ANNUAL REPORT 2007-2008**
   Report by Internal Audit Manager (Pages 43 - 56)

7. **AUDIT COMMITTEE ANNUAL REPORT 2007-2008**
   Report by Internal Audit Manager (Pages 57 - 62)

8. **EXTERNAL AND INTERNAL AUDIT REPORT FOLLOW UP 2008-2009**
   Report by Internal Audit Manager (to follow)

9. **RISK MANAGEMENT AND BUSINESS CONTINUITY STRATEGY**
   Report by Governance and Risk Manager (Pages 63 - 64)

10. SUMMARY OF QUARTERLY PERFORMANCE REPORTS
Report by Chief Executive (Pages 65 - 68)

11. AUDIT FOLLOW UP OF ISSUES FROM QUARTERLY PERFORMANCE REPORTS FROM MARCH AUDIT COMMITTEE
Report by Internal Audit Manager (Pages 69 - 72)

12. BRUICHLADDICH PIER
Extract from Minutes of Economy Policy and Performance Group 13 March 2008 (Pages 73 - 74)

13. UNAUDITED ANNUAL ACCOUNTS 2007-2008
Report by Head of Strategic Finance (to follow)

14. REPORT ON 2007-2008 INTERNAL FINANCIAL CONTROL STATEMENT (IFCS)
Report by Internal Audit Manager (to follow)

15. INTERIM MANAGEMENT REPORT
Report by Grant Thornton, Council's External Auditors (to follow)

16. REPORT ON INTERNAL AUDIT
Report by Grant Thornton, Council's External Auditors (to follow)

17. IT SYSTEMS AND APPLICATIONS
Report by Grant Thornton, Council's External Auditors (to follow)

18. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE
Report by Internal Audit Manager (to follow)

AUDIT COMMITTEE

Councillor Gordon Chalmers
Councillor Bruce Marshall
Ian M M Ross
Christopher Valentine
Councillor Mary-Jean Devon
Councillor Roderick McCuish
Councillor Ron Simon

Contact: Fiona McCallum Tel. No. 01546 604401

Agenda Item 3

MINUTES of MEETING of AUDIT COMMITTEE held in the MEMBERS ROOM, KILMORY, LOCHGILPHEAD on THURSDAY, 27 MARCH 2008

Present: Ian M M Ross (Chair)

Councillor Mary Jean Devon
Councillor Gordon Chalmers
Councillor Roderick McCuish
Councillor Bruce Marshall
Councillor Ron Simon

Attending: Bruce West, Head of Strategic Finance
Shirley MacLeod, Area Corporate Services Manager
Ian Nisbet, Internal Audit Manager
Gary Devlin, Grant Thornton UK, LLP
Stephen Vallely, Grant Thornton UK, LLP
Grant McCrae, KPMG

Apologies: Dr Christopher Valentine

1. DECLARATIONS OF INTEREST

None.

2. MINUTES

The Minutes of the Audit Committee meeting held on 14 December 2007 were approved as a correct record.

3. ANNUAL ACCOUNTS 2007/2008 - FINANCIAL STATEMENTS

A report advising Members on the plans in place for financial year end 31 March 2008 and the preparation of the Council's Financial Statements for 2007-208 was considered.

Decision

To note that plans are in place to prepare the Council's Annual Accounts, consistent with the Accounting Code of Practice and submit them to Council prior to 30 June 2008 in line with the Scottish Government's requirements.

(Reference: Report by Head of Strategic Finance dated 22 February 2008, submitted)

4. AUDIT PLAN 2007/2008

Grant Thornton UK LLP has been appointed by the Accounts Commission for Scotland as the external auditor of Argyll and Bute Council for the five year period commencing 2006-2007. A Plan outlining how they will approach the audit of the Council in the second year of their appointment was considered.

Decision

To note the Audit Plan for 2007/2008.

(Reference: Report by Grant Thornton UK LLP dated February 2008, submitted)

5. PROGRESS REPORT ON INTERNAL AUDIT PLAN 2007-2008

An interim progress report advising Members of the progress against the Annual Audit Plan up to 1 February 2008 was considered.

Decision

To approve the progress made with the Annual Audit Plan for 2007-2008.

(Reference: Report by Internal Audit Manager dated 11 February 2008, submitted)

6. STRATEGIC AUDIT PLAN 2008-2011

Consideration was given to the Strategic Audit Plan for 2008-2011 and the Annual Audit Plan for 2008-2009.

Decision

To approve the Strategic Audit Plan 2008-2011 and the Annual Audit Plan for 2008-2009.

(Reference: Report by Internal Audit Manger dated 22 February 2008, submitted).

7. EXTERNAL AND INTERNAL REPORT FOLLOW UP 2007-2008

The Committee considered a report detailing the results from a review performed by Internal Audit on recommendations due to be implemented by 31 December 2007.

Decision

1. To note the contents of the report and that they will be followed up by Internal Audit; and

2. To request that the Head of Planning and Performance report to the next meeting on the reasons for the delay in the Computer Services Review.

(Reference: Report by Internal Audit Manager dated 15 February 2008, submitted)

8. RISK MANAGEMENT AND BUSINESS CONTINUITY STRATEGY

A report advising on progress with the implementation of the Council's Risk Management and Business Continuity Strategy was considered.

Decision

To note the terms of the report.

(Reference: Report by Governance and Risk Manager dated February 2008, submitted)

9. SUMMARY OF QUARTERLY PERFORMANCE REPORTS

A report providing a summary of the Service Quarterly reports for the period October to December 2007 consisting of the exceptional performance sections only was considered.

Decision

1. To note the Service performance in the report;

2. To note that the Internal Audit Manager will investigate the reason why there was a rise from 71 to 100 employees in the top 2% of earners in this 3 month period;

3. To note that the Internal Audit Manager will investigate the reason for the rise in exception reports relating to Adult Care;

4. To request that the Head of Personnel Services report to the next Audit Committee the mechanisms in place for monitoring sickness absence and actions identified to remedy these; and

5. To note that the Chair of the Audit Committee will report to the next Audit Committee the outcome of the Best Value Review of Protective Services.

(Reference: Report by Chief Executive's Unit, submitted)

10. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE

A report detailing executive summaries and action plans (where applicable) for finalised audit work was before the Committee for consideration.

Decision

To note the contents of the report and that these will be followed up by Internal Audit.

(Reference: Report by Internal Audit Manager dated 11 February 2008, submitted)

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Agenda Item 4

ARGYLL & BUTE COUNCIL
COMMUNITY SERVICES

AUDIT COMMITTEE
27 JUNE 2008

COMMUNITY SERVICES – EDUCATION COMPUTER SERVICE REVIEW.

1. SUMMARY

The audit of the Education Network which was undertaken by Audit Scotland in 2004/2005 highlighted several recommendations that required action. The Audit Committee of 27th March requested that the Head of Planning & Performance provide and an explanation for the delay in the implementation of the recommendations of the Education Computer Service Review.

The contents of this document seek to explain the delays.

2. RECOMMENDATIONS

2.1 The contents of this report are noted by the Audit Committee.

3. DETAILS

3.1 The report by Audit Scotland highlighted several areas as "Medium" and "High" priorities to be addressed by the ICT Development Manager.

As reported to the Audit Committee on19th March and 6th June 2007, all of these tasks have been competed with the exception of the development of Virtual Local Area Network (VLAN) configuration to separate "Curricular" and "Business" data on schools networks. After discussions with 3COM, supplier of the active network equipment in schools, a technical solution has been identified and the configuration work required on the schools networks will be completed over the summer months.

3.2 The delay in implementing the recommendations contained in the original Audit Scotland report was caused by several mitigating factors. The following pieces of work which were, with the exception of commissioning work related to the NPDO schools, never envisioned.

3.3 In November 2006 the Scottish Executive announced additional funding was to be allocated directly to schools. Argyll & Bute's schools were allocated over £720K to be spent on "education materials and equipment for use in schools". The Education Management Team advised schools via Head Teachers meetings that ICT equipment should be the focus of much of the expenditure, to ensure that schools were best prepared for the National SSDN/Glow project.

Argyll & Bute Council were the first Local Authority to organise a centralised purchasing mechanism from which schools purchased in excess of £500K worth of IT equipment, gaining discounts on standard prices of between 15% and 18%. Over 200 additional Desktop and Laptop devices were ordered and configured by the ICT Technician Team in Inveraray from February 2007, generating around 60 days additional "engineering days".

3.4 In early February 2007, BT announced the withdrawal of their "BT Surftime" product which was used across the Primary estate to provide low-cost ISDN calls to enable access to the Internet and Schools e-mail systems. BT's decision meant that if Argyll & Bute did not replace these circuits, the schools would have incurred an additional £120K in call charges.

The ICT Technician Team in Inveraray commissioned an alternative Business Broadband product in the 70 affected schools between March 2007 and August 2007, generating 58 additional "engineering days".

3.5 The installation of new Local Area Network (LAN) equipment was agreed as part of the plans for the NPDO Project schools. The installation of the new equipment ensured that the schools had a modern LAN with appropriate Wireless LAN (WLAN) devices that would ensure that the schools provided a "best fit" in delivering access to ICT resources. The ICT Technical team in Inveraray commissioned the LAN and WLAN resources at each of the schools and assisted the Schools own ICT Technician (where available) in commissioning the ICT equipment. Assisting the local ICT Technicians in schools generated varying amount of "engineering days" with the total amount of days being just over 150 on the five NPDO sites.

4. CONCLUSIONS

The reasons stated in the "Detail" section of this report give an indication of the additional support pressures that were placed on the ICT Technician Team in Inveraray and explain why the implementation of the actions identified in the Computers Services Review were delayed.

5. IMPLICATIONS

5.1	Policy:	None
5.2	Financial:	None
5.3	Personnel:	None
5.4	Legal:	None
5.5	Equal Opportunities:	None

Donald MacVicar

Head of Planning & Performance

For further information please contact Paul Cairns, ICT Development Manager for Community Services on (01546 604053)

27th May 2008

Agenda Item 5

ARGYLL AND BUTE COUNCIL **AUDIT COMMITTEE**

PERSONNEL SERVICES **27th June 2008**

TITLE: MANAGING ATTENDANCE

1. Introduction

The purpose of this report is to brief the Audit Committee on the Managing Attendance policy and procedures within the Council.

2. Background

The management of attendance is a key ongoing management task. The Council ensures that every effort is made to improve performance in this area in order to secure Best Value. The estimated cost of absence to the Council for the financial year 2007/08 was £3,551,272. Of the 1,063,837 work days available in the same period, 52,934 were lost due to sickness absence.

Reports are submitted to the Strategic Management Team on a quarterly basis. Information is provided by area, department and Head of Service. The reports also contain an analysis of stress which is consistently one of the top three reasons for sickness absence within the Council, together with the estimated cost of sickness absence as a whole. An analysis of sickness absence is presented to the Strategic Policy Committee every six months for consideration. The most recent copy of both reports is attached at Appendix 2. A breakdown of the absence figures for the past 10 years is detailed below.

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
White Collar	4.2%	4.2%	4.5%	4.8%	4.5%	4.7%	4.8%	4.8%	4.6%	5.2%
Manual & Craft	5.6%	5.8%	5.1%	5.1%	4.9%	5.6%	5.5%	5.2%	6.3%	6.2%
Teachers	2.9%	3.3%	3.2%	3.5%	4.6%	4.4%	3.5%	2.9%	3.1%	3.3%
Total	4.5%	4.7%	4.4%	4.5%	4.5%	5%	4.8%	4.6%	4.8%	5%
National (Public Sector)	3.8%	4.0%	4.5%	3.1%	3.1%	3.2%	4.7%	4.8%	4.3%	4.5%

In addition to these reports, once a year the Council produces a statutory performance indicator for submission to the Accounts Commission. This measures the extent of sickness absence within councils, and is based on the number of days lost through sickness absence expressed as a total percentage of the working days available. It is broken down into:

2007/08	% days lost
Chief Officers and Local Government Employees	5.6%
Craft Employees	5.4%
Teachers	3.3%
All	5.0%

The Managing Attendance policy and associated procedures were reviewed by a group which consisted of personnel representatives from Personnel Services, Community Services, Development Services and Operational Services, together with a member of the Council's Disability Forum for employees, and representatives from the various trade unions. The group reviewed existing documentation and in some cases produced additional guidance where this did not exist previously.

3. Present Position

In addition to the support and advice currently offered by the various Personnel sections within the Council, up-to-date written guidance is available to line managers and employees in the form of the following documents. These aim to provide practical advice on how to manage attendance and will be in a modular format for ease of updating.

- Managing Attendance Manual – this consists of a policy statement which details the standards expected of employees and line managers. It also outlines the support available from personnel departments, the Employee Counselling Service, and the Council's Occupational Health providers. Key procedural elements include (a) notification and certification procedures, (b) Return to Work Meetings after every sickness absence, (c) Attendance Review meetings where triggers are met, (d) managers keeping in touch with employees in order to provide appropriate support.

- Phased Return to Work Guidance Document - the Phased Return to Work procedure aims to assist employees who have been absent due to sickness/ill health to make a fully productive, efficient and effective return to work at the earliest opportunity. Employees who have been absent for more than four weeks should be given the opportunity to return to work on a phased basis on the recommendation of the Council's Occupational Health providers. This may consist of temporary changes to their workload, work practices, and/or work pattern. The document outlines the steps to be followed, roles and responsibilities for implementing the phased return, and the factors to be considered when agreeing to the phased return.

- Redeployment Procedure for Medical Reasons - The purpose of the procedure is to establish a mechanism whereby suitable alternative employment can be sought for an employee who is potentially displaced from their present post for medical reasons. It aims to secure efficient and effective use of current skills whilst attempting to maintain the security of employment for existing employees. The document defines timescales, the process to be followed and other important considerations such as salary and training.

- Medical Referrals Procedure – this provides a step by step guide on how to obtain a medical report for an employee.

- Guidance on Absence Recording – this provides advice on how to complete quarterly attendance returns.

- Further information – this details sources of further support and guidance both within and out with the Council including relevant training courses, the Employee Counselling Service, and Occupational Health provision. The Employee Counselling Service is an independent organisation and can provide free, confidential advice and counselling to the Council's employees, 24 hours a day, 7 days per week.

4. Future Developments

The Council is investigating the possibility of providing physiotherapy to employees. Along with stress, musculoskeletal problems account for one of the top three reasons for sickness absence within the Council. Further analysis is required to identify the occupations most prone to musculoskeletal problems, together with the geographical location of these employees, and the costs/benefits of providing such a service.

In addition, departmental and corporate targets for attendance have been introduced with a target reduction of 5% across all departments.

5. Conclusion

The management of attendance is a key ongoing management task. To assist employees and line managers, support and advice is available from Personnel sections. In addition to this, the Council has put together practical written guidance covering issues such as notification and certification procedures, Return to Work meetings, the procedure for returning employees to work on a phased basis, guidance on redeploying employees due to medical reasons and additional sources of support such as training courses, the Employee Counselling Service, and Occupational Health.

6.Recommendations

It is recommended the Audit Committee note the contents of this report.

For further information contact:

Mr D Longwill
Head of Personnel Services
Lochgilphead
6/16/2008 Tel: 01546 604020

C.c. Committee basket in Elspeth's room

MANAGING ATTENDANCE POLICY STATEMENT

Appendix 1

This policy and associated procedures cover all employees including local government employees, chief officials, craft employees and teachers.

Attendance management affects the ability of the Council to deliver high quality service reliably and to achieve Best Value. It is therefore important that there are effective attendance management processes.

As well as improving service quality, effective sickness absence processes can ensure that any issues of concern are identified early on, leading to support for the employee and appropriate action by the authority.

Argyll & Bute Council values the contribution of its staff in the delivery and maintenance of quality services to the community. Whilst recognising that employees may be prevented from attending work through ill health, the Council has a duty to maintain service delivery and minimise disruption. The Council is therefore committed to managing attendance including sickness absence and believes that it is the responsibility of the Council's managers, trade union representatives and employees to work together to promote the management of sickness absence and ill health.

Argyll & Bute Council will achieve this through:

- Promoting the health, safety and well being of all employees, including use of risk assessments to identify and manage hazards impacting on health in the workplace.
- Monitoring levels of sickness/injury absence for individuals and the Council as a whole.
- Implementing procedures to support staff and manage absence, whilst dealing with unjustified and/or high levels of sickness absence.

The following principles apply to the Council's procedures for dealing with sickness absence:

- Good attendance is valued and all opportunities should be taken to acknowledge and recognise such attendance.
- Matters raised relating to an employee's attendance do not imply any distrust of staff or concerns regarding their conduct.
- Sickness/injury absence will be dealt with in a way that is non discriminatory and in accordance with the Council's equal opportunities policy.
- Employees will be dealt with consistently and the sickness absence procedures will be fairly applied across the Authority.
- The Council will aim to promote a positive and preventative, rather than punitive approach.
- The Council will be sensitive, and supportive to those suffering the effects of ill health.
- Sickness absence cases will be conducted with respect for confidentiality and in accordance with the requirements of the Data Protection, and Access to Medical Reports Acts.
- Open communication between managers and employees will be encouraged and promoted.

- The Managing Attendance policy and associated procedures will be monitored and reviewed to ensure that they continue to meet the Council's aims and comply with these principles. Employees and trade union representatives will be encouraged to be involved in this process.

Line Managers are expected to:

1) Let employees know that their contribution to the work of the Council is valued, and that their attendance at work makes a significant contribution to providing a quality service.

2) Manage absence among the employees for which they have responsibility. This includes:

- Ensuring that employees are aware of the notification (and where appropriate, certification procedures) for absences of any kind.

- Ensuring that accurate absence records are kept for each employee

- Dealing immediately, fairly and sensitively with employees when they are ill and providing support to encourage attendance.

- Maintaining regular contact with employees who are absent.

- Conducting Return to Work Meetings and, where appropriate, further meetings with employees in accordance with the Managing Attendance Policy and associated procedures.

Employees are expected to:

- Attend work unless unfit to do so.

- Raise concerns with their manager or Personnel Section if they believe that their job is making them ill or contributing to illness.

- Report sickness absences promptly, in accordance with the Managing Attendance procedure.

- Ensure that the appropriate certifications are completed, in accordance with the procedure.

- Maintain contact with their manager during periods of sickness/injury absence.

- Communicate effectively with the manager about their sickness/injury absence.

- Co-operate as appropriate with the Council's Occupational Health providers and other organisations that provide support to the Authority and its' employees.

- Ensure that medical advice and treatment, where appropriate, is received as quickly as possible in order to facilitate a return to work.

- Not knowingly abuse Managing Attendance procedures or sick pay schemes.

In order to support this policy, the following services are available to all Council employees

- **Occupational Health Physician** – to provide advice and guidance on the impact of ill health on work and what steps the Council and/or employee may take.

- **Counselling Service** – to provide a confidential service to employees in order to discuss concerns related to work or personal circumstances.

- **Personnel Sections** – Provide support and guidance to managers and employees in dealing with sickness absence and ill health, and in the use of the Authority's related policies and procedures.

Appendix 2a

ARGYLL AND BUTE COUNCIL **STRATEGIC MANAGEMENT TEAM**

PERSONNEL SERVICES **13th May 2008**

ATTENDANCE MANAGEMENT

Absence figures for the last quarter and annual summaries for the financial year 2007/2008 are attached.

For further information contact:

Mr D Longwill
Head of Personnel Services
Lochgilphead Tel: 01546 604020

8th May 2008

ARGYLL AND BUTE COUNCIL **EXECUTIVE COMMITTEE**

PERSONNEL SERVICES

ATTENDANCE MONITORING FIGURES: APRIL 2007 TO MARCH 2008

DRAFT TO STRATEGIC MANAGEMENT TEAM - 13th May 2008
FOR DIRECTORS' COMMENTS TO THE HEAD OF PERSONNEL SERVICES BY 30th May 2008

1. INTRODUCTION

1.1 The purpose of this report is to provide information on the levels of sickness absence for the Council workforce for the period from April 2007 to March 2008.

2. RECOMMENDATIONS

It is recommended that members:

- Note the figures outlined in Appendices 1 to 5.
- Continue to monitor attendance in accordance with the Managing Attendance Policy and the Stress Reduction Policy.

3. BACKGROUND

3.1 The Council first introduced a Managing Attendance Policy in 1997, to ensure that levels of employee absence were monitored and reviewed on an ongoing basis. The main objectives of the Policy are to identify and remedy any attendance problems, to identify any potential health problem and seek medical advice to the benefit of employees and to provide a corporate overview of attendance levels across the Council.

3.2 In 1999, the Council adopted a Stress Reduction Policy which includes the following key statements:

- The Council is committed to a course of action aimed at increasing understanding and awareness of stress and mental health problems at work.

- The Council will take reasonable action to combat the cause of the workplace stress.

- The Council aims to help staff at all levels manage stress in themselves and in those they manage by early recognition and appropriate intervention. The Council provides advice, guidance and awareness training.

- The Council will provide adequate, prompt, critical and incident debriefing and subsequent counselling, when necessary, to employees who, through their jobs, have witnessed or dealt with traumatic incidences.

Included in this Policy is a commitment to monitor and report on the levels of stress related illness across the Council with stress absence notification being investigated within 10 working days notification.

4. CURRENT SITUATION

4.1 Managing Attendance Policy

Policies for managing attendance have now been in operation for 10 years and figures for year on year comparisons are available to assess the effectiveness of the policy and the actions taken by departments to address absence levels.

During August 2007 the Council's revised Attendance Management Policy was launched and distributed to departments in an easy to use folder with associated procedures enclosed. One major change to the policy is the introduction of trigger points which managers and supervisors can use as a guide when dealing with absence.

Comparisons between the figures for 2006/2007 and 2007/2008 are shown for (a) Teachers and (b) Craft workers and (c) the Council as a whole in **Appendix 5,** together with a breakdown by department for APT&C employees and Manual and Craft employees in **Appendix 1**. To supplement this information the estimated cost of absence per department is provided in **Appendix 4**. This figure is based solely on the employee's salary and does not include additional costs, for example the cost of a temporary replacement for an employee who is off on Long term sick leave. Therefore the overall cost to the Council is likely to be greater than the estimated figure recorded in this report.

The levels of absence have been accounted for by departments as follows:

4.1.1 Chief Executive's Unit:

The bulk of absence within the Chief Executives' Unit for January – March 2008 can be attributed to short-term absence i.e. absence of less than 4 weeks duration. However, within the period, three employees were on long-term sickness. Of these, one employee returned to work in early January on a phased basis, and steps are being taken to aid the return to work of the two remaining employees in the next few weeks.

Compared with last year, sickness absence within the Chief Executive's Unit as a whole has increased from 2.8% to 3.1% although the average number of employees within the department only increased by one. Absence within Strategic Finance decreased from 4.5% in 2006 – 2007 to 3.1% in 2007-2008, which in part

may be due to a reduction in long-term sickness. Absence within Policy and Strategy saw a very slight increase from 0.5% to 0.6% but overall remains very low. Within Personnel Services, absence has increased from 1.3% to 2.8% and can be attributed to the long-term absence of two members of staff (both of whom subsequently returned to work) compared to no long-term absence in the same period last year. The Communications Team saw a marked increase in absence from 0.9% in 2006-2007 to 15.7% in 2007-2008 but the long-term absence of one employee in a small section of four people has greatly distorted the figures.

Where appropriate employees were referred to occupational health and offered counselling from the Employee Counselling Service.

4.1.2 Corporate Services:

All long-term absences within the period were managed with referral to OHP where appropriate. With the exception of four employees, all returned to work before the end of the year and in one case an employee was dismissed on capability grounds. Those who remain absent continue to be managed in accordance with procedures. In regard to manual workers, as there are only two employees in this category, these statistics are easily affected by any period of absence and the 4.89% of days lost to absence correlates to only 22 working days lost over the year.

There is an exercise underway to assess stress related absence with a view to reducing such absence within the department.

4.1.3 Development Services:

- During the period three employees were off with stress. These employees were offered counselling and support and two returned on a phased basis. One remains sick although it is hoped they will return to work in May.
- Three employees were on long term sick leave and all other absence was short term.
- In accordance with the Council's redeployment procedure one employee was successfully redeployed into a suitable alternative position.

4.1.4 Community Services:

TEACHING STAFF

A total of 192 teaching staff were on long term certificated sick leave during 2007/08 ranging in duration from 2 weeks to over a year.

13 of the above staff were referred to the Occupational Health Physician.

Two members of staff have resigned and two have retired. One has submitted their resignation. 137 have returned to work.

APT&C STAFF

A total of 174 APT&C staff were on long term certificated sick leave during 2007/08 ranging in duration from 2 weeks to over 1 year.

8 members of staff were referred to the Occupational Health Physician.

Two members of staff have resigned, two have retired and 125 have returned to work. One member of staff died in service.

MANUAL WORKERS
A total of 6 manual workers were on long term certificated sick leave during 2007/08 ranging in duration from 6 weeks to 1 over a year.

Four members of staff still remain absent.

Social Work

For the period October 2007 to March 2008 the figures showed the following:-

Compared to figures for the period October 2006 to March 2007, APT&C Staff absence rose from 6.99% to 7.88% showing an increase of 11.27%.

However, for the same period Manual Staff absence dropped from 10.64% to 9.37%, demonstrating a decrease of 8.81% for the period.

The department continues to vigorously address attendance management issues as well as concerted application of the Council's managing absence procedures on an ongoing basis. During the period 29 employees were sent to the Occupational Health Physician and six retired on the grounds of ill health.

Occupational Health Referrals

B&C	MAKI	OLI	H&L
15	5	7	2

Ill Health Retirements

B&C	MAKI	OLI	H&L
1	1	3	1

	2006/7		2007/8	
	OCT - DEC	JAN - MARCH	OCT - DEC	JAN - MARCH
APTC	6.61%	7.31%	7.60%	8.15%
MANUAL	10.78%	10.53%	8.57%	10.13%

	OCT – MARCH 06/07	OCT – MARCH 07/08
APTC	6.99%	7.88%
MANUAL	10.64%	9.37

4.1.5 Operational Services:
No narrative returned.

4.2 Stress Reduction Policy

Appendix 2 provides details of the Council's levels of absence due to stress whether work related or not, for the period April 2007 to March 2008. The information was obtained from medical and self certificated forms where the reasons for absence were given as stress, depression, anxiety state etc.

In comparison to figures for 2006/07, while the total number of days lost due to stress has decreased, the percentage of stress related absence has remained static across the Council, accounting for 17.8% of days lost due to sickness absence. Table one below shows stress related absence as a percentage of each department's days lost due to sickness absence.

TABLE ONE

Department	Days lost due to stress as a % of total days lost 2006/2007	Days lost due to stress as a % of total days lost 2007/2008
Chief Executive's Unit	14.6 %	26.0 %
Corporate Services	13.2 %	23.0 %
Development Services	37.9 %	31.0 %
Community Services	24.5 %	23.9 %
Operational Services	4.3 %	4.3 %
Council Total	17.8 %	17.8 %

4.3 Accident Statistics

Details of accident figures for 2007/2008 are outlined, on a departmental basis, in **Appendix 3**.

5. ACCOUNTS COMMISSION – STATUTORY PERFORMANCE INDICATORS – SICKNESS ABSENCE

5.1 The Council is required to provide information for publication on the percentage of days lost due to sickness absence and the figures for the Performance Indicators are detailed in **Appendix 1**.

Please note the change made by the Accounts Commission in the grouping of employees for reporting the statutory performance indicator to them, commencing in the financial year 2004/2005.

Our Performance Indicator figures reported to the Accounts Commission for 2007/2008 are shown below, compared to last year's Performance Indicator:-

	2006/2007	2007/2008
Chief Officials and Local Government Employees	5.4	5.6
Craft Employees	6.3	5.4

Teachers	3.1	3.2
All employees	**4.8**	**5.0**

Audit Scotland has, this year, published a report for **2006/2007** comparing the performance of Scottish Councils. Argyll and Bute has the following placing out of the Councils who submitted reliable data:-

Chief Officials and Local Government Employees	7th
Craft	16th
Teachers	3rd

6. CONCLUSION

6.1 Overall the Council's absence figures for 2007/2008 have increased in comparison to 2006/2007. Issues surrounding the implementation of single status during 2007/2008 have lowered the morale of some employees and could account for some slight increases in absence levels across the Council.

This however, would not explain the increase in teacher's absence levels since they were not party to the single status agreement and their pay and terms and conditions were therefore not affected by this.

The aim is to secure increased levels of attendance in all departments. For this to happen it is necessary to ensure that departments continue to adopt a rigorous approach to monitoring attendance and that Managers and Supervisors continue to fully acknowledge their responsibilities in this process and undertake relevant training to ensure they have the skills required to deal with absence as it occurs. During the year this has been evident within Operational Services who have focused on attendance and dedicated specific resources to managing absence; this has resulted in a reduction in overall absence levels for the department despite single status issues affecting the morale of some employees.

7. IMPLICATIONS

Policy: The Managing Attendance Policy should be adhered to by all Council departments. The Stress Reduction Policy should be adhered to by Elected Members, Managers and Employees. Employees involved in managing attendance should receive the relevant training to allow them to do this effectively.

Financial: Increased levels of expenditure on sickness payments to employees, lost productivity. Increased costs associated with the provision of temporary absence cover.

Personnel: Increased pressure on those employees who remain at work and continue to provide a service while colleagues are off ill. This could

potentially lead to limited or restricted service provision to the Council's service users, or incidences of work related stress for colleagues who are left to cope with extra work.

Equal Opportunities: The application of Managing Attendance and Stress Reduction Policies should be undertaken within the overall context of the Council's Equal Opportunities Policy.

Legal: The Council is required to be aware that failure to address incidences of work related stress may result in litigation.

For further information and supporting documentation, please contact:

Mr D Longwill
Head of Personnel Services
Lochgilphead

June 2008

Tel: 01546 604020
E-mail: danny.longwill@argyll-bute.gov.uk

ARGYLL AND BUTE COUNCIL **EXECUTIVE**

PERSONNEL SERVICES **19 June 2008**

ATTENDANCE MONITORING FIGURES: APRIL 2007 TO MARCH 2008

1. INTRODUCTION

1.1 The purpose of this report is to provide information on the levels of sickness absence for the Council workforce for the period from April 2007 to March 2008.

2. RECOMMENDATIONS

It is recommended that members:

- Note the figures outlined in Appendices 1 to 5.
- Continue to monitor attendance in accordance with the Managing Attendance Policy and the Stress Reduction Policy.

3. BACKGROUND

3.1 The Council first introduced a Managing Attendance Policy in 1997, to ensure that levels of employee absence were monitored and reviewed on an ongoing basis. The main objectives of the Policy are to identify and remedy any attendance problems, to identify any potential health problem and seek medical advice to the benefit of employees and to provide a corporate overview of attendance levels across the Council.

3.2 In 1999, the Council adopted a Stress Reduction Policy which includes the following key statements:

- The Council is committed to a course of action aimed at increasing understanding and awareness of stress and mental health problems at work.

- The Council will take reasonable action to combat the cause of the workplace stress.

- The Council aims to help staff at all levels manage stress in themselves and in those they manage by early recognition and appropriate intervention. The Council provides advice, guidance and awareness training.

- The Council will provide adequate, prompt, critical and incident debriefing and subsequent counselling, when necessary, to employees who, through their jobs, have witnessed or dealt with traumatic incidences.

Included in this Policy is a commitment to monitor and report on the levels of stress related illness across the Council with stress absence notification being investigated within 10 working days notification.

4. CURRENT SITUATION

4.1 Managing Attendance Policy

Policies for managing attendance have now been in operation for 10 years and figures for year on year comparisons are available to assess the effectiveness of the policy and the actions taken by departments to address absence levels.

During August 2007 the Council's revised Attendance Management Policy was launched and distributed to departments in an easy to use folder with associated procedures enclosed. One major change to the policy is the introduction of trigger points which managers and supervisors can use as a guide when dealing with absence.

Comparisons between the figures for 2006/2007 and 2007/2008 are shown for (a) Teachers and (b) Craft workers and (c) the Council as a whole in **Appendix 5,** together with a breakdown by department for APT&C employees and Manual and Craft employees in **Appendix 1**. To supplement this information the estimated cost of absence per department is provided in **Appendix 4**. This figure is based solely on the employee's salary and does not include additional costs, for example the cost of a temporary replacement for an employee who is off on Long term sick leave. Therefore the overall cost to the Council is likely to be greater than the estimated figure recorded in this report.

The levels of absence have been accounted for by departments as follows:

4.1.1 Chief Executive's Unit:

The bulk of absence within the Chief Executives' Unit for January – March 2008 can be attributed to short-term absence i.e. absence of less than 4 weeks duration. However, within the period, three employees were on long-term sickness. Of these, one employee returned to work in early January on a phased basis, and steps are being taken to aid the return to work of the two remaining employees in the next few weeks.

Compared with last year, sickness absence within the Chief Executive's Unit as a whole has increased from 2.8% to 3.1% although the average number of employees within the department only increased by one. Absence within Strategic Finance decreased from 4.5% in 2006 – 2007 to 3.1% in 2007-2008, which in part may be due to a reduction in long-term sickness. Absence within Policy and Strategy saw a very slight increase from 0.5% to 0.6% but overall remains very low. Within Personnel Services, absence has increased from 1.3% to 2.8% and

can be attributed to the long-term absence of two members of staff (both of whom subsequently returned to work) compared to no long-term absence in the same period last year. The Communications Team saw a marked increase in absence from 0.9% in 2006-2007 to 15.7% in 2007-2008 but the long-term absence of one employee in a small section of four people has greatly distorted the figures.

Where appropriate employees were referred to occupational health and offered counselling from the Employee Counselling Service.

4.1.2 Corporate Services:
All long-term absences within the period were managed with referral to OHP where appropriate. With the exception of four employees, all returned to work before the end of the year and in one case an employee was dismissed on capability grounds. Those who remain absent continue to be managed in accordance with procedures. In regard to manual workers, as there are only two employees in this category, these statistics are easily affected by any period of absence and the 4.89% of days lost to absence correlates to only 22 working days lost over the year.

There is an exercise underway to assess stress related absence with a view to reducing such absence within the department.

4.1.3 Development Services:

- During the period three employees were off with stress. These employees were offered counselling and support and two returned on a phased basis. One remains sick although it is hoped they will return to work in May.
- Three employees were on long term sick leave and all other absence was short term.
- In accordance with the Council's redeployment procedure one employee was successfully redeployed into a suitable alternative position.

4.1.4 Community Services:
TEACHING STAFF
A total of 192 teaching staff were on long term certificated sick leave during 2007/08 ranging in duration from 2 weeks to over a year.

13 of the above staff were referred to the Occupational Health Physician.

Two members of staff have resigned and two have retired. One has submitted their resignation. 137 have returned to work.

APT&C STAFF
A total of 174 APT&C staff were on long term certificated sick leave during 2007/08 ranging in duration from 2 weeks to over 1 year.

8 members of staff were referred to the Occupational Health Physician.

Two members of staff have resigned, two have retired and 125 have returned to work. One member of staff died in service.

MANUAL WORKERS
A total of 6 manual workers were on long term certificated sick leave during 2007/08 ranging in duration from 6 weeks to 1 over a year.

Four members of staff still remain absent.

Social Work

For the period October 2007 to March 2008 the figures showed the following:-

Compared to figures for the period October 2006 to March 2007, APT&C Staff absence rose from 6.99% to 7.88% showing an increase of 11.27%.

However, for the same period Manual Staff absence dropped from 10.64% to 9.37%, demonstrating a decrease of 8.81% for the period.

The department continues to vigorously address attendance management issues as well as concerted application of the Council's managing absence procedures on an ongoing basis. During the period 29 employees were sent to the Occupational Health Physician and six retired on the grounds of ill health.

Occupational Health Referrals

B&C	MAKI	OLI	H&L
15	5	7	2

Ill Health Retirements

B&C	MAKI	OLI	H&L
1	1	3	1

	2006/7		2007/8	
	OCT - DEC	JAN - MARCH	OCT - DEC	JAN - MARCH
APTC	6.61%	7.31%	7.60%	8.15%
MANUAL	10.78%	10.53%	8.57%	10.13%

	OCT – MARCH 06/07	OCT – MARCH 07/08
APTC	6.99%	7.88%
MANUAL	10.64%	9.37

4.1.5 Operational Services:

For the period April 2007 to March 2008, Central Services have monitored all departmental absences and have identified areas of concern to Heads of Service and Line Managers. To improve outcomes, Central Services have provided direct

support given to relevant Line Managers along with additional training on the Council's Managing Attendance Policy.

Following referral to the Occupational Health Physician where appropriate, 5 employees were retired on ill health grounds with a further 3 having their employment terminated following unsuccessful attempts to redeploy them. Two other employees decided to retire on option with 6 resigning from their posts; 8 staff were dismissed using the Statutory Dismissal Procedure.

While Line Managers have reported success in managing some long term sickness issues with staff members, the overall impact upon sickness absence percentages has been largely static.

Period	Facility Services	Roads & Amenity Services	Central Services
April – June 2007	4.6 %	6.04 %	8.1 %
July – Sept 2007	5.05 %	5.23 %	6.22 %
Oct – Dec 2007	5.81 %	5.57 %	8.91 %
Jan – Mar 2008	4.76 %	6.94 %	8.1 %

4.2 Stress Reduction Policy

Appendix 2 provides details of the Council's levels of absence due to stress whether work related or not, for the period April 2007 to March 2008. The information was obtained from medical and self certificated forms where the reasons for absence were given as stress, depression, anxiety state etc.

In comparison to figures for 2006/07, while the total number of days lost due to stress has decreased, the percentage of stress related absence has remained static across the Council, accounting for 17.8% of days lost due to sickness absence. Table one below shows stress related absence as a percentage of each department's days lost due to sickness absence.

TABLE ONE

Department	Days lost due to stress as a % of total days lost 2006/2007	Days lost due to stress as a % of total days lost 2007/2008
Chief Executive's Unit	14.6 %	26.0 %
Corporate Services	13.2 %	23.0 %
Development Services	37.9 %	31.0 %
Community Services	24.5 %	23.9 %
Operational Services	4.3 %	4.3 %
Council Total	17.8 %	17.8 %

4.3 Accident Statistics

Details of accident figures for 2007/2008 are outlined, on a departmental basis, in **Appendix 3**.

5. ACCOUNTS COMMISSION – STATUTORY PERFORMANCE INDICATORS – SICKNESS ABSENCE

5.1 The Council is required to provide information for publication on the percentage of days lost due to sickness absence and the figures for the Performance Indicators are detailed in **Appendix 1**.

Please note the change made by the Accounts Commission in the grouping of employees for reporting the statutory performance indicator to them, commencing in the financial year 2004/2005.

Our Performance Indicator figures reported to the Accounts Commission for 2007/2008 are shown below, compared to last year's Performance Indicator:-

	2006/2007	**2007/2008**
Chief Officials and Local Government Employees	5.4	5.6
Craft Employees	6.3	5.4
Teachers	3.1	3.2
All employees	**4.8**	**5.0**

Audit Scotland has, this year, published a report for **2006/2007** comparing the performance of Scottish Councils. Argyll and Bute has the following placing out of the Councils who submitted reliable data:-

Chief Officials and Local Government Employees	7th
Craft	16th
Teachers	3rd

6. CONCLUSION

6.1 Overall the Council's absence figures for 2007/2008 have increased in comparison to 2006/2007. Issues surrounding the implementation of single status during 2007/2008 have lowered the morale of some employees and could account for some slight increases in absence levels across the Council.

This however, would not explain the increase in teacher's absence levels since they were not party to the single status agreement and their pay and terms and conditions were therefore not affected by this.

The aim is to secure increased levels of attendance in all departments. For this to happen it is necessary to ensure that departments continue to adopt a rigorous approach to monitoring attendance and that Managers and Supervisors continue to fully acknowledge their responsibilities in this process and undertake relevant

training to ensure they have the skills required to deal with absence as it occurs. During the year this has been evident within Operational Services who have focused on attendance and dedicated specific resources to managing absence; this has resulted in a reduction in overall absence levels for the department despite single status issues affecting the morale of some employees.

7. IMPLICATIONS

Policy:	The Managing Attendance Policy should be adhered to by all Council departments. The Stress Reduction Policy should be adhered to by Elected Members, Managers and Employees. Employees involved in managing attendance should receive the relevant training to allow them to do this effectively.
Financial:	Increased levels of expenditure on sickness payments to employees, lost productivity. Increased costs associated with the provision of temporary absence cover.
Personnel:	Increased pressure on those employees who remain at work and continue to provide a service while colleagues are off ill. This could potentially lead to limited or restricted service provision to the Council's service users, or incidences of work related stress for colleagues who are left to cope with extra work.
Equal Opportunities:	The application of Managing Attendance and Stress Reduction Policies should be undertaken within the overall context of the Council's Equal Opportunities Policy.
Legal:	The Council is required to be aware that failure to address incidences of work related stress may result in litigation.

For further information and supporting documentation, please contact:

Mr D Longwill
Head of Personnel Services
Lochgilphead

June 2008

Tel: 01546 604020
E-mail: danny.longwill@argyll-bute.gov.uk

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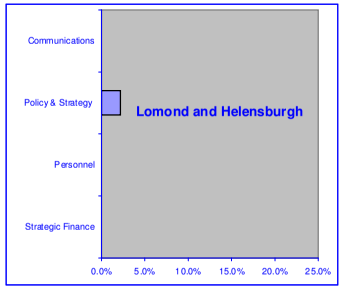
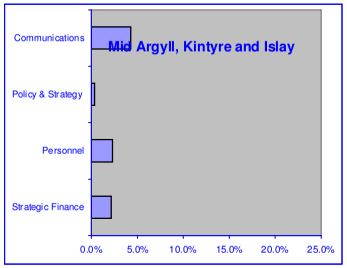
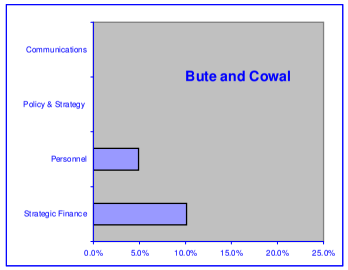
Attendance Monitoring Figures for APT&C Staff and Teachers
January- March 2008

	Lorn and The Isles				Lomond and Helensburgh				Mid Argyll, Kintyre and Islay				Bute and Cowal				Totals			
DEPARTMENT: SERVICES	WDA	STAFF	DAYS LOST	%DAYS LOST	WDA	STAFF	DAYS LOST	%DAYS LOST	WDA	STAFF	DAYS LOST	%DAYS LOST	WDA	STAFF	DAYS LOST	%DAYS LOST	WDA	STAFF	DAYS LOST	%DAYS LOST
Strategic Finance									1803.5	33	39.0	2.2%	819.0	15	83.0	10.1%	2622.5	48	122.0	**4.7%**
Personnel									1350.0	26	31.0	2.3%	61.0	1	3.0	4.9%	1411.0	27	34.0	**2.4%**
Policy & Strategy					228.5	4	5.0	2.2%	853.5	16	3.0	0.4%					1082.0	20	8.0	**0.7%**
Communications									209.5	4	9.0	4.3%					209.5	4	9.0	**4.3%**
CHIEF EXEC'S UNIT:	**0.0**	**0**	**0.0**		**228.5**	**4**	**5.0**	2.2%	**4216.5**	**79**	**82.0**	**1.9%**	**880.0**	**16**	**86.0**	9.8%	**5325.0**	**99**	**173.0**	**3.2%**
Democratic Services & Governance	641.0	12	87.0	13.6%	318.0	6	31.0	9.7%	2273.0	46	31.0	1.4%	472.0	9	4.0	0.8%	3704.0	73	153.0	**4.1%**
Legal & Protective Services	678.0	12	33.0	4.9%	782.0	17	23.0	2.9%	2936.5	56	260.0	8.9%	548.0	11	33.0	6.0%	4944.5	96	349.0	**7.1%**
ICT and Financial Services					1151.5	22	23.0	2.0%	5396.5	107	213.0	3.9%					6548.0	129	236.0	**3.6%**
CORPORATE SERVICES:	**1319.0**	**24**	**120.0**	**9.1%**	**2251.5**	**45**	**77.0**	3.4%	**10606.0**	**209**	**504.0**	**4.8%**	**1020.0**	**20**	**37.0**	3.6%	**15196.5**	**298**	**738.0**	**4.9%**
Directorate	180.0	3	0.0	0.0%	178.0	3	0.0	0.0%	1566.0	31	46.0	2.9%	236.0	4	2.0	0.8%	2160.0	41	48.0	**2.2%**
Planning	1308.0	24	75.0	5.7%	666.0	12	2.0	0.3%	2069.0	38	96.0	4.6%	680.5	12	35.0	5.1%	4723.5	86	208.0	**4.4%**
Infrastructure and Transport					55.0	1	0.0	0.0%	819.5	15	0.0	0.0%					874.5	16	0.0	**0.0%**
DEVELOPMENT SERVICES:	**1488.0**	**27**	**75.0**	**5.0%**	**899.0**	**16**	**2.0**	0.2%	**4454.5**	**84**	**142.0**	**3.2%**	**916.5**	**16**	**37.0**	4.0%	**7758.0**	**143**	**256.0**	**3.3%**
APT&C Staff: Primary Education	5839.0	110	324.0	5.5%	3445.0	61	78.0	2.3%	4389.0	90	72.0	1.6%	4726.0	84	156.0	3.3%	18399.0	345	630.0	**3.4%**
APT&C Staff: Secondary Education	3137.0	53	79.0	2.5%	1736.0	31	90.0	5.2%	2825.0	51	385.0	13.6%	4178.5	76	111.0	2.7%	11876.5	211	665.0	**5.6%**
Teachers: Primary Education	11692.0	143	575.0	4.9%	10747.0	116	373.0	3.5%	10218.0	139	314.0	3.1%	9396.0	114	463.0	4.9%	42053.0	512	1725.0	**4.1%**
Teachers: Secondary Education	11317.0	135	223.0	2.0%	8965.0	119	396.0	4.4%	13428.0	163	482.0	3.6%	11880.0	133	737.0	6.2%	45590.0	550	1838.0	**4.0%**
Teachers: Children and Families													49.0	1	0.0	0.0%	49.0	1	0.0	**0.0%**
Directorate									341.0	6	5.0	1.5%					341.0	6	5.0	**1.5%**
Adult Services	5836.0	117	675.0	11.6%	1734.0	31	22.0	1.3%	5598.0	113	492.0	8.8%	6893.0	132	688.0	10.0%	20061.0	393	1877.0	**9.4%**
Planning and Performance	572.0	11	3.0	**0.5%**	1338.0	25	87.0	6.5%	3273.0	61	53.0	1.6%	2240.0	41	211.0	9.4%	7423.0	138	354.0	4.8%
Community Regeneration	1807.0	40	20.0	1.1%	908.0	18	12.0	1.3%	2197.0	40	173.0	7.9%	2210.5	42	115.0	5.2%	7122.5	140	320.0	4.5%
Children and Young Families	2828.0	51	297.0	10.5%	1613.0	33	99.0	6.1%	2073.0	40	81.0	3.9%	2513.5	44	188.0	7.5%	9027.5	168	665.0	7.4%
COMMUNITY SERVICES:	**43028.0**	**660**	**2196.0**	**5.1%**	**30486.0**	**434**	**1157.0**	3.8%	**44342.0**	**703**	**2057.0**	**4.6%**	**44086.5**	**667**	**2669.0**	6.1%	**161942.5**	**2464**	**8079.0**	**5.0%**
Roads & Amenity Services	1137.0	20	18.0	1.6%	1147.0	20	45.0	3.9%	3376.0	59	123.0	3.6%	1352.0	23	106.0	7.8%	7012.0	122	292.0	**4.2%**
Central Services	199.0	4	2.0	1.0%	260.0	5	1.0	0.4%	2493.0	49	202.0	8.1%	1262.0	24	28.0	2.2%	4214.0	82	233.0	**5.5%**
Facility Services	169.0	3	0.0	0.0%	331.0	6	4.0	1.2%	781.0	13	130.0	16.6%	1843.0	33	20.0	1.1%	3124.0	55	154.0	**4.9%**
OPERATIONAL SERVICES:	**1505.0**	**27**	**20.0**	**1.3%**	**1738.0**	**31**	**50.0**	2.9%	**6650.0**	**121**	**455.0**	**6.8%**	**4457.0**	**80**	**154.0**	3.5%	**14350.0**	**259**	**679.0**	**4.7%**
TOTALS	**47340.0**	**738**	**2411.0**	**5.1%**	**35603.0**	**530**	**1291.0**	3.6%	**70269.0**	**1196**	**3240.0**	**4.6%**	**51360.0**	**799**	**2983.0**	5.8%	**204572.0**	**3263**	**9925.0**	**4.9%**

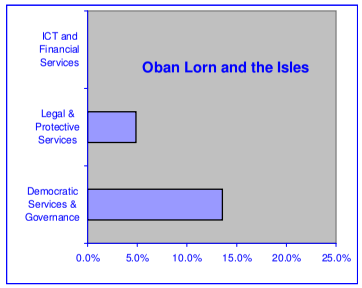
Chief Executives Unit

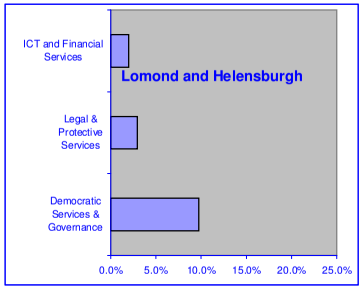


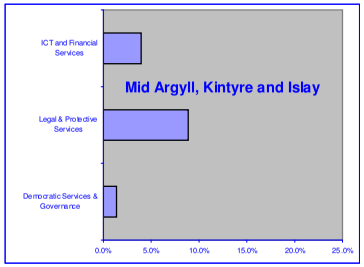


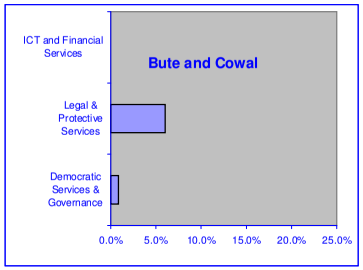


Corporate Serivces

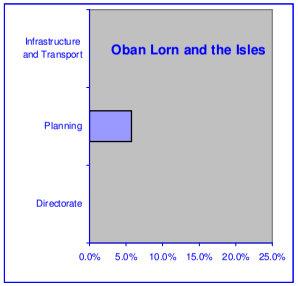


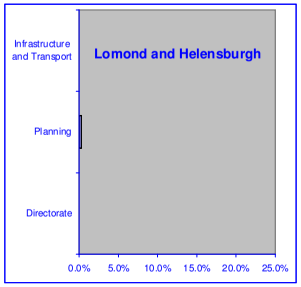


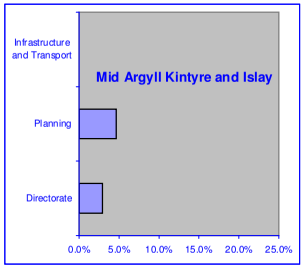


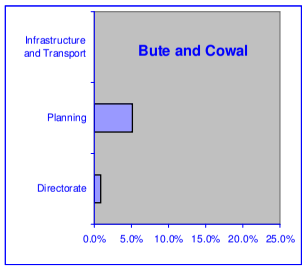


Development Services

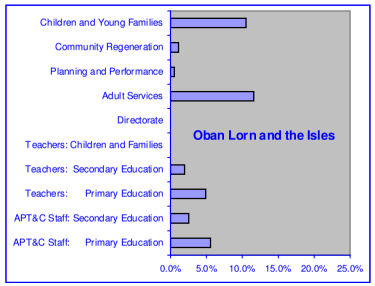


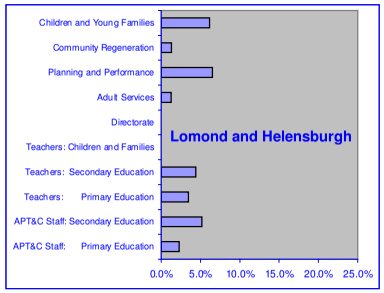


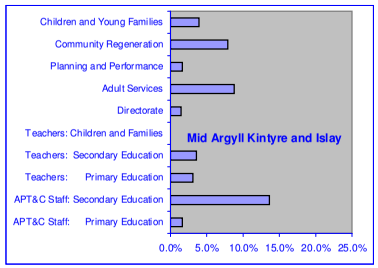


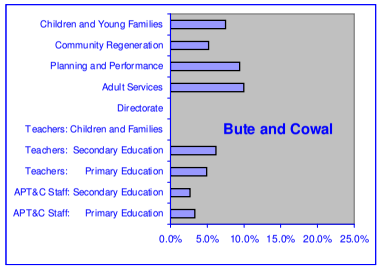


Community Services

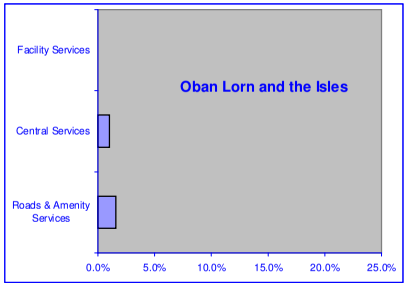


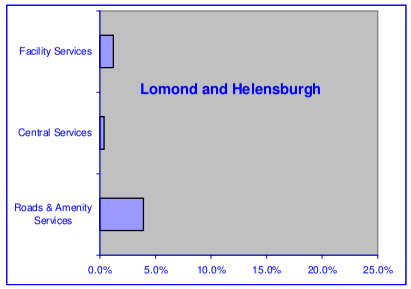


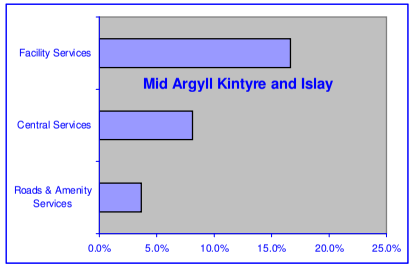


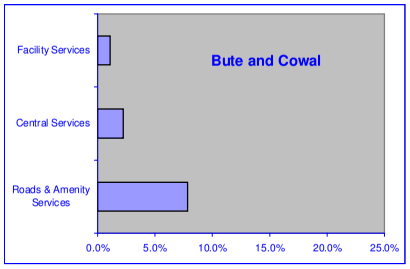


Operational Services







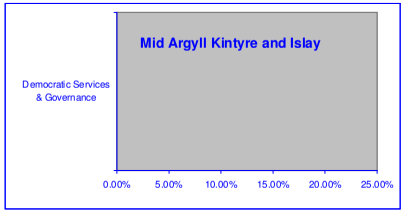


Attendance Monitoring Figures for Manual and Craft Workers

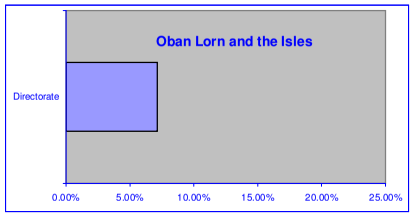
January- March 2008

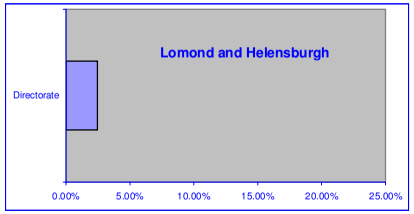
	Lorn and the Isles				Lomond and Helensburgh				Mid Argyll, Kintyre and Islay				Bute and Cowal				Totals			
DEPARTMENT: SERVICES	WDA	STAFF	DAYS LOST	% DAYS LOST	WDA	STAFF	DAYS LOST	% DAYS LOST	WDA	STAFF	DAYS LOST	% DAYS LOST	WDA	STAFF	DAYS LOST	% DAYS LOST	WDA	STAFF	DAYS LOST	% DAYS LOST
Democratic Services & Governance									108.0	2	5.0						108	2	5	**4.63%**
CORPORATE SERVICES:	**0.0**	**0**	**0.0**		**0.0**	**0**	**0.0**		**108.0**	**2**	**5.0**		**0.0**	**0**	**0.0**		**108.0**	**2**	**5.0**	**4.63%**
Directorate	14.0	1	1.0	7.14%	122.0	2	3.0	2.46%	99.0	2	32.0	**32.32%**	109.0	2	2.0	1.83%	344	7	38	**11.05%**
DEVELOPMENT SERVICES:	**14.0**	**1**	**1.0**	**7.14%**	**122.0**	**2**	**3.0**	**2.46%**	**99.0**	**2**	**32.0**	**32.32%**	**109.0**	**2**	**2.0**	**1.83%**	**344.0**	**7**	**38.0**	**11.05%**
Planning and Performance	35.0	1	18.0	51.43%									35.0	1	0.0	**0.00%**	70	2	18	**25.71%**
Community Regeneration	742.0	14	17.0	2.29%	742.0	14	0.0	0.00%	572.0	11	6.0	1.05%	1792.0	32	91.0	5.08%	3848	71	114	**2.96%**
Children and Young Families					53.0	1	6.0	11.32%					179.0	3	15.0	8.38%	232	4	21	**9.05%**
Adult Services	5748.0	109	551.0	9.59%	2915.0	55	234.0	8.03%	5652.0	101	401.0	7.09%	5647.0	111	827.0	14.64%	19962	376	2013	**10.08%**
COMMUNITY SERVICES:	**6490.0**	**123**	**568.0**	**8.75%**	**3710.0**	**70**	**240.0**	**6.47%**	**6224.0**	**112**	**407.0**	**6.54%**	**7618.0**	**146**	**933.0**	**12.25%**	**24112.0**	**453**	**2166.0**	**8.98%**
MW: Roads & Amenity Services	5731.0	105	525.0	9.16%	4600.0	85	264.0	5.74%	6890.0	121	589.0	8.55%	5740.0	104	338.0	5.89%	22961	415	1716	**7.47%**
CRAFT: Roads& Amenity Services	56.0	1	0.0	0.00%	119.0	2	0.0	0.00%					47.0	1	0.0	0.00%	222	4	0	**0.00%**
MW:Facility Services	9234.0	157	245.0	2.65%	6904.0	125	186.0	2.69%	13035.0	230	482.0	3.70%	8867.0	159	725.0	8.18%	38040	671	1638	**4.31%**
CRAFT: Facility Services	236.0	4	3.0	1.27%	174.0	3	8.0	4.60%	350.0	7	62.0	17.71%	348.0	6	7.0	2.01%	1108	20	80	**7.22%**
OPERATIONAL SERVICES:	**15257.0**	**267**	**773.0**	**5.07%**	**11797.0**	**215**	**458.0**	**3.88%**	**20275.0**	**358**	**1133.0**	**5.59%**	**15002.0**	**270**	**1070.0**	**7.13%**	**62331.0**	**1110**	**3434.0**	**5.51%**
TOTALS	**21761.0**	**391**	**1342.0**	**6.17%**	**15629.0**	**287**	**701.0**	**4.49%**	**26706.0**	**474**	**1577.0**	**5.91%**	**22729.0**	**418**	**2005.0**	**8.82%**	**86895.0**	**1572**	**5643.0**	**6.49%**

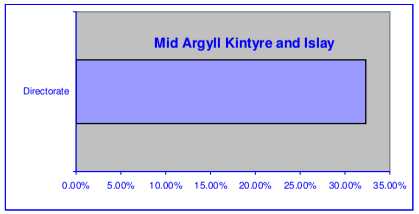
Corporate Services

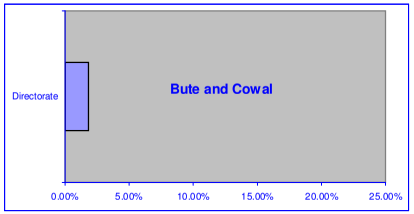


Development Services

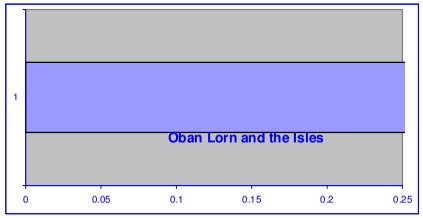


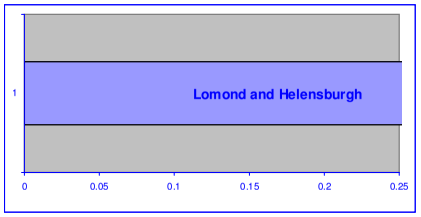


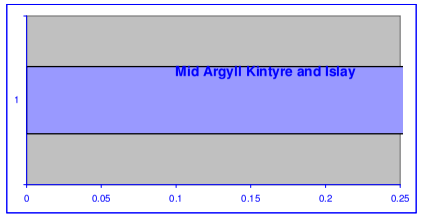


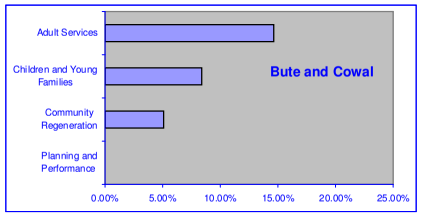


Community Services

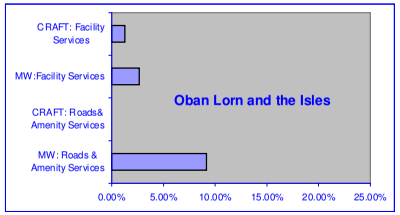


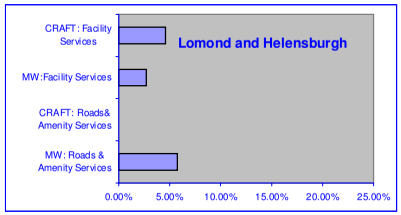


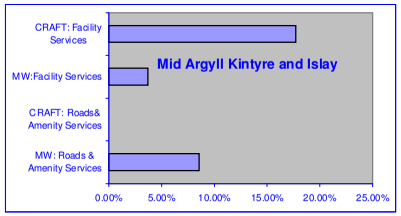


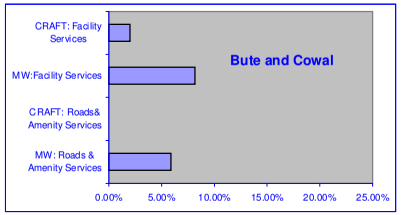


Operational Services









Figures for Stress Related Absence
January- March 2008

DEPARTMENT: SERVICES	Working Days Lost	Total No. of Employees	No. of Employees with absences in excess of 20 days
CHIEF EXEC'S UNIT:	33	4	0
CORPORATE SERVICES:	208	9	5
DEVELOPMENT SERVICES:	80	3	3
COMMUNITY SERVICES:	1245	43	25
OPERATIONAL SERVICES:	231	11	4
TOTALS	**1797**	**70**	**37**

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Managing Attendance

- APT&C Staff, Teachers, Manual Workers and Craft Employees

ACCIDENT FIGURES -

N.B. - From information passed to Health and Safety Manager as at 31st March 2008

DEPARTMENT:	Dangerous Occurrence	Major Injury	Minor Injury	No Injury	Over 3 day Absence	GRAND TOTAL
CHIEF EXEC'S UNIT:						0
CORPORATE SERVICES:				1		1
DEVELOPMENT SERVICES:			1	1		2
COMMUNITY SERVICES:			27	8		35
OPERATIONAL SERVICES:			4	1	5	10
TOTALS	0	0	32	11	5	48

Total Number of days lost
through industrial injury: 308

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Managing Attendance

January- March 2008

DEPARTMENT: SERVICES	Cost (£)	No. of staff with 5 absences and over	No. of staff with 3 absences and over	No. of staff with 1 absence and over
Strategic Finance	4,410.51			23
Personnel	1,870.91			8
Policy & Strategy	144.74			2
Communications	1,529.01			1
CHIEF EXEC'S UNIT:	**7,955.17**	**0**	**0**	**34**
Democratic Services & Governance	20,311.00	1	2	12
Legal & Protective Services	17,963.75	1	3	43
ICT and Financial Services	12,341.42		2	41
CORPORATE SERVICES:	**50,616.17**	**2**	**7**	**96**
Directorate	10,421.00			15
Planning	19,522.00		1	25
Infrastructure and Transport	530.00		1	6
DEVELOPMENT SERVICES:	**30,473.00**	**0**	**2**	**46**
Secondary Education and School Support	227,619.40	11	39	272
Pre school and Primary Education	217,192.80	5	25	203
Directorate	360.85			2
Adult Services	229,631.23		9	326
Community Regeneration	17,658.50		4	45
Planning and Performance	24,988.33	1	1	45
Children and Young Families	47,602.15		4	54
COMMUNITY SERVICES:	**765,053.26**	**17**	**82**	**947**
Roads & Amenity Services	118,903.00		15	187
Facility Services	88,195.00		3	155
Central Services	14,604.00		3	36
OPERATIONAL SERVICES:	**221,702.00**	**0**	**21**	**378**
TOTALS	**1,075,799.60**	**19**	**112**	**1,501**

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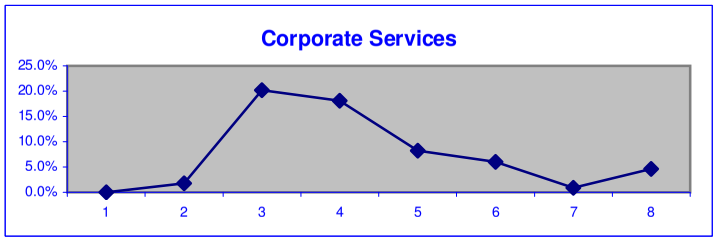
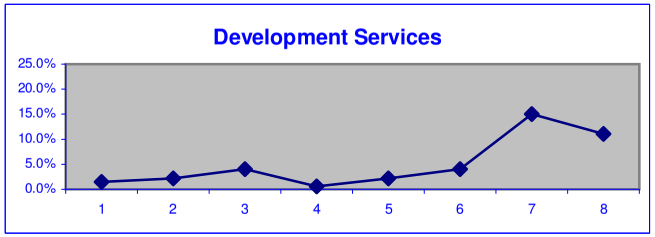
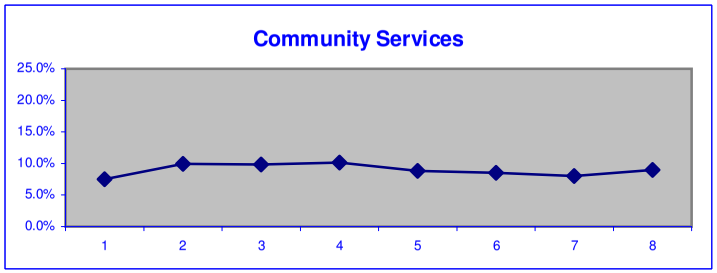
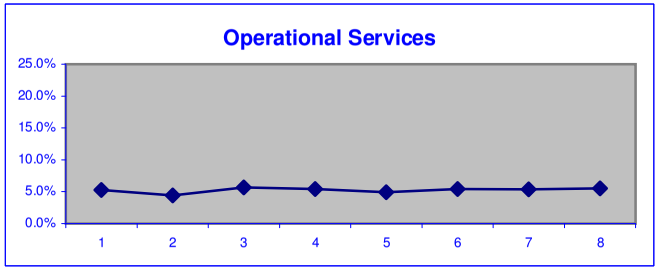
ABSENCE TRENDS - MANUAL AND CRAFT EMPLOYEES

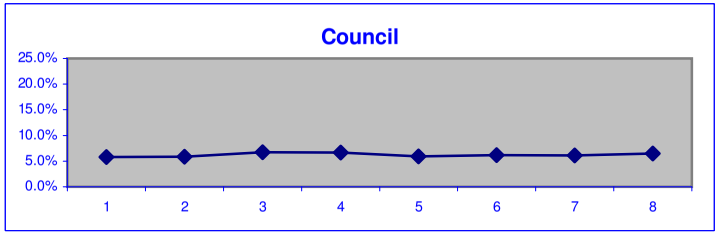
	2006/2007				2007/2008			
MANUAL & CRAFT	**P1**	**P2**	**P3**	**P4**	**P1**	**P2**	**P3**	**P4**
Corporate Services	0.0%	1.8%	20.2%	18.1%	8.2%	6.0%	0.9%	4.6%
Development Services	1.5%	2.2%	4.0%	0.6%	2.2%	4.0%	15.0%	11.1%
Community Services	7.5%	10.0%	9.9%	10.1%	8.8%	8.5%	8.0%	9.0%
Operational Services	5.3%	4.4%	5.7%	5.4%	4.9%	5.4%	5.4%	5.5%
Total	**5.8%**	**5.8%**	**6.8%**	**6.7%**	**5.9%**	**6.2%**	**6.1%**	**6.5%**











2006/2007		2007/2008	
1st qtr	April- June	5th qtr	April- June
2nd qtr	July- Sept	6th qtr	July- Sept
3rd qtr	Oct-Dec	7th qtr	Oct- Dec
4th qtr	Jan- Mar	8th qtr	Jan- Mar

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Average Number of Days lost per Employee (ATP&C) April- June 2007

	April-June			July- September			October- December			January- March			Annual Total		
	Days Lost	Staff	Average	Days Lost	Staff	Average	Days lost	Staff	Average	Days lost	Staff	Average	Days lost	Staff	Average
Chief Executive's	103	91	1.1	164	95	1.7	172	96	1.8	173	99	1.7	612	95.25	6.4
Corporate Services	776	344	2.3	690	298	2.3	958	324	3.0	738	298	2.5	3162	316	10.0
Community Services (excl Teachers)	5771	1465	3.9	3432	1430	2.4	4105	1398	2.9	4516	1401	3.2	17824	1423.5	12.5
Teachers	2196	1062	2.1	1172	1062	1.1	2410	1062	2.3	3563	1062	3.4	9341	1062	8.8
Development Services	212	146	1.5	148	133	1.1	266	135	2.0	256	143	1.8	882	139.25	6.3
Operational Services	553	280	2.0	577	276	2.1	608	269	2.3	679	259	2.6	2417	271	8.9
Total	9611	3388	2.8	6183	3294	1.9	8519	3284	2.6	9925	3262	3.0	34238	3307	10.4

Average Number of Days lost per Employee (Manual and Craft) April-June 2007

	April-June			July- September			October-December			January- March			Annual Totals		
	Days Lost	Staff	Average	Days Lost	Staff	Average	Days lost	Staff	Average	Days lost	Staff	Average	Days lost	Staff	Average
Chief Executive's															
Corporate Services	9	2	4.5	7	2	3.5	1	2	0.5	38	7	5.4	55	3.25	16.9
Community Services	2161	490	4.4	1903	474	4.0	1834	468	3.9	2166	453	4.8	8064	471.25	17.1
Development Services	12	11	1.1	22	12	1.8	58	8	7.3	38	7	5.4	130	9.5	13.7
Operational Services	530	287	1.8	3080	1163	2.6	3227	1153	2.8	3434	1110	3.1	10271	928.25	11.1
Total	2712	790	3.4	5012	1651	3.0	5120	1631	3.1	5676	1577	3.6	18520	1412.25	13.1

Average Number of Days lost per Employee (Departmental totals)April- June 2007

	April-June			July- September			October- December			January- March			Annual Totals		
	Days Lost	Staff	Average	Days Lost	Staff	Average	Days Lost	Staff	Average	Days lost	Staff	Average	Days lost	Staff	Average
Chief Executive's	103	91	1.1	164	95	1.7	172	96	1.8	173	99	1.7	612	95.25	6.4
Corporate Services	785	346	2.3	697	300	2.3	959	326	2.9	776	305	2.5	3217	319.25	10.1
Community Services	10128	3017	3.4	6507	2966	2.2	8349	2928	2.9	10245	2916	3.5	35229	2956.75	11.9
Development Services	224	157	1.4	170	145	1.2	324	143	2.3	294	150	2.0	1012	148.75	6.8
Operational Services	1083	567	1.9	3657	1439	2.5	3835	1422	2.7	4113	1369	3.0	12688	1199.25	10.6
Total	12323	4178	2.9	11195	4945	2.3	13639	4915	2.8	15601	4839	3.2	52758	4719.25	11.2

Annual National Averages from the CBI

CBI Figures	Public Sector	Local Govt
APT&C	7.9	8.6
Manual	11	11.5
Total	8.5	9.2

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ARGYLL & BUTE COUNCIL
STRATEGIC FINANCE

AUDIT COMMITTEE
27 JUNE 2008

INTERNAL AUDIT ANNUAL REPORT 2007 - 2008

1. SUMMARY

Internal Audit has the responsibility to provide to the Audit Committee an Annual report that comments on the duties and audits carried out by the section throughout the financial year. The Annual Report for 2007 – 2008 is attached in Appendix 1.

2. RECOMMENDATION

2.1 That the Internal Annual Audit Report for 2007 - 2008 is approved.

3. DETAILS

3.1 The objective of the report attached in Appendix 1, is to advise members of internal audit standards, current practices and comment on the performance of Internal Audit throughout the financial year 2007 - 2008.

3.2 Further comment on Internal Audit performance is given within the report for:-

- Core Financial Audits;
- Non Core Financial Audits;
- Contingency; and
- Other Areas.

The Assessment of Audit days for 2007 – 2008 Strategic Plan is provided in Appendix 2 and is a progress statement on the audits planned for 2007– 2008.

3.3 There is 1 Core Financial audit where the final report has not been issued. One audit has not been completed due to the secondment of the Internal Audit Manager. An overview report has been prepared for the Major Capital Audit and a meeting has been arranged for June 2008 to finalise this.

There is 1 Non Financial audit where the final report has not been issued and another audit has been deferred.

4. CONCLUSION

Internal Audit will compile an Annual Report on audit responsibilities and activities.

5. IMPLICATIONS

5.1	Policy:	None
5.2	Financial:	None
5.3	Personnel:	None
5.4	Legal:	None

5.5 Equal Opportunities: None

For further information please contact Alex Colligan, Internal Audit Manager (01546 604271)

Alex Colligan
Internal Audit Manager 10 June 2008.
1

APPENDIX 1

Annual Internal Audit Report 2007 - 2008

June 2008

APPENDIX 1

INDEX

Page

1. Foreword 1

2. Internal Audit - Mission Statement 1

3. Internal Audit - Terms of Reference 1
   - Objectives 1
   - Scope 1

4. Internal Audit – Activity Areas 1
   - Core Financial Audits 1
   - Non Core Financial Audits 2
   - Contingency Days 2
   - Internal Audit Reporting 2
     - Audit Committee 2
     - Auditees 3

5. External Audit 3

6. Internal Control Statement (ICS) 4

7. Progress of the Annual Audit Plan 2007 - 2008 4
   - Audit Opinion 5

8. Audit Analysis of 2007 - 2008 6

9. Internal Audit Performance Measurement 6
   - Input Performance Measures 2007– 2008 7
   - Output Performance Measures 2007– 2008 8

APPENDIX 2

Assessment of Audit days 2007 – 2008 Strategic Audit Plan 1

APPENDIX 1

1. FOREWORD

The annual audit plan for 2007 – 2008 has been delivered in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom ('the Code'). As well as complying with the Code, Internal Audit has to comply with its Mission Statement and Terms of Reference, both of which have previously been approved by the Audit Committee and are covered below.

2. INTERNAL AUDIT - MISSION STATEMENT

"To contribute to the achievement of Argyll and Bute Council's mission and strategic objectives by providing assurance to the Council that financial and operational controls and arrangements for Best Value are functioning efficiently and effectively, and that the significant risks to the organisation are being managed."

3. INTERNAL AUDIT - TERMS OF REFERENCE

Objectives

- To assist the Council and its Strategic Management Team in their governance responsibilities;
- To provide assurance on the adequacy of control within the Council's systems and activities;
- To advise management on cost effective controls for new or modified systems and activities;
- To highlight opportunities to reduce costs through greater economy and efficiency within systems and activities.

Scope

The scope of Internal Audit includes the examination and evaluation of the adequacy and reliability of Council systems of internal control. To this end an annual audit plan is presented to the Audit Committee for approval with any adjustments reported throughout the year. The work of Internal Audit therefore provides assurance across all of the Council's activities.

In addition, Internal Audit may perform special reviews requested by the senior management or the Audit Committee. When plans are changed for such reviews, this is reported to the Audit Committee so that it clearly understands the implications on resources and for the assurance it requires about internal controls, and any impact on the delivery of the agreed annual audit plan.

4. INTERNAL AUDIT – ACTIVITY AREAS

To fulfil the above responsibilities Internal Audit undertakes the following activities based on an annual audit plan:

Core Financial Audits

Internal Audit has a responsibility to evaluate and test financial and management information systems in order to provide an opinion as to the adequacy of control within the Council. As a

result of this work departmental management receive audit reports with recommendations offering suggestions and advice to enable rectification of system weaknesses, and to assist them with compliance and risk control.

Non Core Financial Audits

The Code requires that Internal Audit not only review financial systems but also other systems of management control used to ensure the Council's objectives are being properly managed, and that control arrangements have been established and operate within the Council to achieve Best Value, VFM and Performance Improvement in service delivery. Internal Audit in complying with the Code, prepare this section of the annual audit plan incorporating high risk areas identified by all Heads of Service through an operational risk exercise. This exercise is supported by both the Corporate Services Department – Democratic Services and Governance section, and KPMG our Internal Audit partners.

Contingency and Other Areas

Within the annual audit plan contingency direct audit days are set aside for unforeseen events which, by their very nature, cannot be planned for, e.g.:

- Notification of frauds, significant weaknesses or loss;
- Consideration of controls for new or amended systems; and
- Reviews of significant breakdown of internal control that cannot be accommodated within planned audits.

Clearly, the extent to which any contingency requirement is used depends on the soundness of the Council's systems of control and the incidence of fraud or irregularity. In addition, direct audit days are provided in the annual plan for the follow up of management agreed recommendations cited in external and internal audit reports, risk management and annual planning, this is designated as other areas.

Internal Audit Reporting

Audit Committee

The Audit Committee holds quarterly meetings at which they review progress on:

- The annual audit programme in terms of audits planned and completed with the number of days expended;
- The progress made by management in implementing External and Internal Audit report recommendations; and
- National report issues that Council departments need to address such as; SWIA

At the culmination of the years audit work the Audit Committee receives:

- An Annual Internal Audit report; and
- A draft Internal Control Statement (ICS) for approval. The ICS assists the Head of Strategic Finance as Section 95 Officer, prepare a statement on control for the Annual Accounts.

APPENDIX 1

Auditees

With regard to Internal Audit reporting audit findings, Internal Audit provides management with an independent and objective opinion on the control environment by taking into consideration the review of internal controls and risk, and recommends changes where appropriate in agreement with management. The audit work undertaken is reported to the auditee, either in the form of a report or a memo whichever is the most relevant. Our reports are in a standard format and provide an opinion on controls reviewed awarding one tick (✓) for very poor control and up to 5 ticks for very good control against the specific objectives of each audit. A system of grading audit findings that have resulted in a recommendation within an action plan has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as fundamental, material or minor. The definition for each classification is set out below: -

- **Fundamental.** Significant weakness in control is discovered that may give rise to loss or error;
- **Material.** A weakness is found but is not necessarily great, but the risk of error would be significantly reduced it if were rectified; and
- **Minor.** The weakness does not appear to affect the ability of the system to meet its objectives in any significant way but should be rectified.

5. EXTERNAL AUDIT

The relationship operated by Internal Audit with the Council's External Auditors is one of joint working where we try to either avoid areas of duplication and in other areas work jointly on large system control issues. Consultations are held on a regular and informal basis to co-ordinate work and we use external audit approved programmes to carry out our audit work. In 2007 – 2008 external and internal audit worked jointly on the Council's Statutory Performance Indicators.

On an annual basis External Audit carry out an evaluation of Internal Audit work, the outcome of which is published in their Annual Accounts report.

Grant Thornton, the Council's External Auditors will place reliance on the work of Internal Audit in the following areas:

- Payroll;
- Council tax and Non-domestic Rates;
- Creditor Payments;
- General Ledger operations;
- Cash income& banking;
- Purchasing IT and e-procurement;
- Capital;
- Unified Benefits System;
- Debtors accounts;
- Statutory Performance Indicators;
- Stocktaking;
- Payments to voluntary bodies; and
- Contract Hire and operating leases.

APPENDIX 1

6. INTERNAL CONTROL STATEMENT (ICS)

It is the responsibility of Internal Audit to provide an annual overall assessment of the robustness of Council internal control systems to the Head of Strategic Finance as Section 95 Officer. The ICS is informed by a review of the findings of audit work carried out by both external and internal audit throughout the financial year. In addition departmental internal financial control statements are prepared by Strategic Directors regarding specific audit areas identified as requiring future attention. These departmental internal control statements are then signed and passed to Internal Audit. All of the above therefore supports the overall statement of control prepared for the Head of Strategic Finance.

The ICS has 2 sections in which Internal Audit is required to give an opinion on the Council control environment. The first is on matters brought forward from last year. The second section is for any new matters arising in 2007 – 2008.

7. PROGRESS OF THE ANNUAL AUDIT PLAN 2007 – 2008

Appendix 2, lists all audits planned by Internal Audit for the financial year 2007 – 2008 inclusive of reported changes. The objective of the assessment of audit days is to advise the Audit Committee members of the final status of each audit. The annual audit plan was based on the section operating with a full staff compliment. The outcome was that the section operated throughout the year with reduced resources augmented by contract audit staff. Of 1,080 audit days planned for only 943 days were expended.

The shortfall of 137 days resulted from:

- Secondment – Internal Audit Manager to Shared Services Diagnostic team lost Direct Audit Days of 31;
- Accountant Posts – there was a shortage of 47 days from the figure in the annual plan;
- Sickness Absence - Direct Audit Days lost, 25 days more than provided for in the annual plan; and
- Vacant posts – 34 days.

Emphasis throughout the financial year was placed on achieving the audit plan. In the first quarter of the year the section came under further pressure when a member of staff had a sustained period of Sickness Absence. This resulted in the number of direct audit days expended on the remaining audits being reduced from that originally planned. The remaining audits therefore received audits focused on key control areas. This enabled the agreed audit plan to be to be broadly achieved and provide assurance for external audit and the preparation of the annual ICS.

A total of 33 audits were planned for the financial year 2007 – 2008 and these were allocated into the following categories:

- 18 Core Financial Systems Audits and
- 15 Non Financial Audits.

A decision was taken to combine 4 audits from the core financial section of the plan and one audit from the non-financial section to form a Major Capital Audit. The audit areas were as follows:-

APPENDIX 1

- Tendering Procedures;
- Capital Contract Audit;
- Capital Accounting;
- Treasury Management; and
- Strategic Asset Management.

This was reported to the Audit Committee on 14 December 2007. The fieldwork has been completed for this audit and reports issued. The Overview report has been issued in draft form and will be discussed at a meeting in June 2008.

Of the remaining 14 audits, 13 have been completed with final reports and action plans issued.

The final audit has not been completed due to the secondment of one of the Internal Audit Managers to the Shared Services Diagnostic Project. The audit will be completed on his return to Internal Audit.

Of the remaining 14 Non Financial Systems audits, 12 have been completed with reports and action plans issued. A draft report has been issued for another audit and Internal Audit is awaiting a response from the relevant department. Internal Audit will follow this up to ensure that the final report is issued as soon as possible. The Strategic Asset Management audit was included in the Major Capital Audit as mentioned previously.

The audit of Best Value has been deferred as there was a follow up audit on Best Value carried out by Grant Thornton, the Council's external auditors. Days allocated for this audit have been redirected to the following areas:

- Special investigations;
- External & Internal Audit follow up; and
- Risk Assessment, Strategic Plan, Annual Plans.

In 2007 – 2008 the Audit Committee was provided with more objective responses from departmental management regarding recommendations that had not been implemented within agreed deadlines. This process provided the opportunity for the Audit Committee to focus its time on areas of non implementation by management of agreed external and internal audit recommendations. The process also enabled the Audit Committee to request senior management attendance at Audit Committees in order to establish reasons for non implementation of agreed recommendations. In addition, during 2007 – 2008, the Audit Committee took advantage through the receipt of national report recommendations to request senior management attendance at the committee.

Throughout 2007 - 2008, Internal Audit resources were under pressure due to days lost as a result of sickness absence and unfilled posts. Contract resources were brought in to assist with audit plan delivery and the recruitment of 2 Trainee Accountants which allowed the Internal Audit annual audit plan to be progressed.

Audit Opinion

Based on audit work carried out in 2007 – 2008 by Internal Audit, I am of the opinion that the Council's systems provide reasonable assurance regarding the effective and efficient achievement of the Council's objectives. Audit reports have indicated certain matters which are currently being addressed by management, and my opinion on the Council's systems is based on those recommendations being satisfactorily implemented. Additional assurance has been given in my Internal Control Statement (ICS) which is the subject of a separate report to the Audit Committee.

APPENDIX 1

In conclusion, the Annual Audit Plan for 2007 – 2008 will be completed by the end of June 2008 as remaining issues are addressed. The Audit Committee is asked to accept the assurances provided by Internal Audit, based on the audit work completed in 2007 – 2008.

8. AUDIT ANALYSIS of 2007- 2008

Apart from the deferment of one audit and the partial completion of another the planned work programme has been completed and in particular:

- Quarterly reports have been prepared for the Audit Committee advising of progress with the Annual Audit plan;
- Joint audit work was completed between Internal Audit and Grant Thornton;
- The percentage of audits carried out by qualified staff in 2007 – 2008 was above the target but was lower than 2006-2007. This was as a result of 2 Trainees being recruited.; and
- Analysis of returned client questionnaires indicated that an average approval score of 3.4 has been achieved by Internal Audit in 2007 – 2008. The highest achievable approval score is 4.

For the first time Internal Audit reports were submitted to the Audit Committee as per the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. It was agreed at the June 2007 Audit Committee that Executive Summaries and Action Plans would be submitted to the Committee.

This was a result of a review of Internal Audit carried out by Grant Thornton, the Council's External Auditors.

The first reports were submitted to September 2007 Audit Committee.

9. INTERNAL AUDIT PERFORMANCE MEASUREMENT

Annually, Internal Audit measures the performance of its service delivery. This allows comparison to be made year-on-year and to set targets for improvement. In total there were 11 performance indicators agreed by the Audit Committee for Internal Audit to adhere to. They are set out under two headings:

- 6 **Input**; and
- 5 **Output** indicators.

The tables below set out the performance for both sets of indicators for 2007 - 2008. A comment has been made for each performance indicator. Internal Audit will strive to maintain the quality standards achieved and will endeavour to make improvements.

APPENDIX 1

INPUT PERFORMANCE MEASURES 2007 - 2008

Ref	Performance Indicator	Target	Achieved 2007-2008	Comment
1.	Percentage of audit work carried out by qualified and specialist staff.	65%	**68%**	This percentage figure is lower than last year's 80%. This is a result of employing 2 Trainee Accountants when attempts to recruit Accountants were unsuccessful.
2.	Issue of draft reports within 10 working days of work being completed.	10 days – 100%	**91%**	The percentage figure achieved has fallen short of the 100% target due to the issue of 2 draft reports after the 10 day period.
3.	Issue of final reports within 5 working days of management responses being received.	5 days – 100%	**100%**	Achieved.
4.	Reports display: clear opinion; action plan of prioritised recommendations and management responses; a person responsible; and date for completion.	All reports (100%) state a clear conclusion/opinion; contain an action plan, prioritised recommendations, allocated responsibility and target dates for completing recommendations.	**100%**	As last year all of the target requirements have been met.
5.	Management's feed back on audit planning and fieldwork.	To achieve 'average' or better in questionnaire ratings. (i.e.: a mean score of '3' or more for each question	**3.4**	Management are asked to provide an opinion on the work carried out by Internal Audit and it can be reported that the level of achievement has fallen only slightly from last year's figure of 3.8. This still represents good performance for the section given the resource issues faced throughout the year.
6.	Percentage of direct audit time	Target 81%	**76%**	The reason that the figure is below target is that time had to be spent on setting up Pyramid (Performance Management System) for Strategic Finance. In addition the Internal Audit Section had to move office twice in this period thus reducing the number of days for direct audit work. The target would have been achieved if resources did not need to be diverted to the above.

APPENDIX 1

OUTPUT PERFORMANCE MEASURES 2006 - 2007

Ref	Performance indicator	Target	Achieved 2006- 2007	Comment
1.	Audit operational plan to be submitted to the audit committee by 31 March each year.	31 March of each year (100%)	**Achieved**	The Strategic Audit Plan 2008 – 2011and the 2008-2009 Annual Audit Plan was presented to the Audit Committee on the 27th of March 2008.
2.	Follow-ups to be performed within one year of the audit-taking place.	100% of recommendations followed up in following year	**Achieved**	There is now a new reporting structure in place and therefore follow-ups are carried out as a routine task for the quarterly meetings of the Audit Committee.
3.	Completion of the Annual Audit Plan subject to variations agreed by Audit Committee, and if appropriate, Audit Managers.	100%	**94%**	With the deferment of the Non-Financial Audit Chief Executive's Unit – Policy & Strategy – Best Value and the partial completion of the core financial Cash & Income Banking audit this has reduced the percentage achieved against plan. As in previous years individual audit assignments in 2007 – 2008 varied in actual audit days to plan. A number of audits were either completed on time or ahead of budget whilst others took more days than had been budgeted. However in overall terms, audits have been completed within the total number of planned direct audit days set out in the annual audit plan.
4.	Recommendations accepted compared to recommendations made.	Fundamental – 100% Material and minor - 100%	**100%** **100%**	Achieved. Achieved.
5.	Internal audit costs are within budget (including in-year budget variations)	Total costs were within budget.	**100%**	Achieved.

APPENDIX 2

Assessment of Audit Days: 2007-2008 Strategic Plan

AUDIT WORK SCHEDULE	Last Audited	Risk Ranking	Original Estimated Audit Days 2007-08	Revised Estimated Audit Days 2007-08	Actual Audit Days 2007-08	Balance
Core financial systems						
Complete						
Government & European Grants	2006-07	1	30	30	17	13
Stocktaking	2006-07	2	25	25	13	12
Payments to Voluntary Bodies (Following the Public Pound)	2005-06	2	20	20	24	-4
Payroll	2006-07	2	30	30	12	18
Contract Hire and Operating Leases	2006-07	2	20	20	26	-6
Council Tax and Non- Domestic Rates	2006-07	2	30	30	20	10
Creditor Payments	2006-07	2	25	25	30	-5
Unified Benefits System	2006-07	2	30	30	32	-2
Car Allowances	2006-07	2	20	20	29	-9
Budgetary preparation & control	2006-07	1	20	20	18	2
General Ledger Operations	2006-07	2	25	25	14	11
Debtor Payments	2006-07	2	20	20	4	16
Purchasing IT e-Procurement	2006-07	2	25	25	27	-2
Draft						
Major Capital Audit	2006-07	1	120	120	165	-45
Not completed						
Cash Income & Banking	2006-07	2	30	30	15	15
Section Total			**470**	**470**	**446**	**24**
Non-financial Audits						
Complete						
All Depts – Corporate Governance	2006-07	1	20	20	15	5
All Depts – Performance Indicators	2006-07	1	50	50	46	4
Community Services – School & Public Transportation	2006-07	1	20	20	20	0
Community Services – Disclosure Scotland	N/A	2	20	20	31	-11
Community Services – Legislative Compliance	2006-07	1	20	20	18	2
Operational Services – Roads & Amenity – Waste Management	2002-03	3	20	20	18	2
Community Services – NPDO –Contract Monitoring	2006-07	1	30	30	61	-31
Corporate Services – ICT - Applications	2006-07	2	25	25	17	8
Corporate Services – Risk Management Register	2006-07	3	20	20	17	3
All Depts – Partnership Working	2006-07	1	20	20	20	0
All Depts – Business Continuity Planning	2006-07	1	20	20	20	0
Development Services – Partnership Project Funding	2006-07	1	20	20	7	13
Draft						
Community Services – Social Work	2006-07	1	20	20	20	0
Deferred						
Chief Executive's Unit – Best Value	2006-07	1	145	60	0	60
Section Total			**450**	**365**	**310**	**55**
Actual Direct Audit Time			**920**	**835**	**756**	**79**
Special investigations contingency	-	-	80	125		4
Council Wide					7	
Chief Executive's Unit					65	
Community Services					4	
Corporate Services					12	
Development Services					12	
Operational Services					21	
Section Total			**80**	**125**	**121**	**4**
Other Areas						
Follow-up External & Internal Audit Management Letter Points			60	80	48	32
Risk Assessment, Strategic Plan, Annual Plans			20	40	18	22
Section Total			**80**	**120**	**66**	**54**
TOTAL			**1080**	**1080**	**943**	**137**

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Agenda Item 7

ARGYLL & BUTE COUNCIL **AUDIT COMMITTEE**
STRATEGIC FINANCE **27 JUNE 2008**

ANNUAL REPORT BY AUDIT COMMITTEE 2007 - 2008

1. SUMMARY

The Code of Practice for Internal Audit in Local Government (the Code) issued by CIPFA in 2000 sets out good practice in delivering internal audit services. The Code was revised in 2006 and Grant Thornton UK LLP, in May 2007 carried out a Code compliance review resulting in a report. One resultant recommendation required that the Audit Committee produce an Annual Report to the Council. This report would summarise the work of the Audit Committee during the year and outline its view of the Council's internal control framework, risk management and governance arrangements. Attached is the annual report.

2. RECOMMENDATIONS

2.1 The contents of this report are noted and approved by the Audit Committee for submission to the Council.

3. DETAILS

3.1 Grant Thornton, the Council's external auditors, carried out a Review of Internal Audit in May 2007. In the review they mentioned that the Audit Committee did not prepare an annual report to the Council.

3.2 At the Audit Committee on 28 June 2007 the Head of Strategic Finance submitted a report recommending that the Audit Committee prepare an annual report for the Council with the first report covering the financial year ended 31 March 2008. The Audit Committee agreed to prepare an annual report to the Council.

4. CONCLUSIONS

The first annual report has been prepared and is attached.

5. IMPLICATIONS

5.1	Policy:	None
5.2	Financial:	None
5.3	Personnel:	None
5.4	Legal:	None
5.5	Equal Opportunities:	None

For further information please contact Alex Colligan, Internal Audit Manager (01546 604271).

Alex Colligan, Internal Audit Manager. 9th June 2008

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Annual Report by Audit Committee for the Financial Year 2007/2008

Background

The Code of Practice for Internal Audit in Local Government (the Code) issued by CIPFA in 2000 sets out good practice in delivering internal audit services. The Code was revised in 2006 and Grant Thornton UK LLP, in May 2007 carried out a Code compliance review resulting in a report. One resultant recommendation required that the Audit Committee produce an Annual Report to the Council. This report would summarise the work of the Audit Committee during the year and outline its view of the Council's internal control framework, risk management and governance arrangements.

The Head of Strategic Finance submitted a paper to the Audit Committee on 28 June 2007 recommending that the committee prepare an Annual Report to the Council. The Committee decided that it would prepare an Annual Report covering the financial year ended 31 March 2008.

Terms of Reference of the Audit Committee

General Functions

1. To promote internal controls, financial risk and governance and otherwise, in order to provide reasonable assurance of effective and efficient operations and compliance with laws and regulations.

2. To report annually to the Council on the internal control environment.

3. To develop an anti-fraud culture within the Council to ensure the highest standards of probity and public accountability.

4. To promote good financial practice within the Council.

5. To agree the internal audit strategy and plan.

6. To receive internal audit progress reports.

7. To oversee and review action taken on internal audit recommendations.

8. To review the internal audit annual plan.

9. To be consulted on the external audit strategy and plan.

10. To review all reports from the Council's External Auditors.

11. To oversee and review action on external audit recommendations.

12. Without prejudice to the role of the Standards Committee to deal with matters included in their terms of reference, in particular matters arising from the

investigation of disclosures under the Council's Public Interest Disclosure Policy, to provide assurance on the Council's compliance with Financial and Security Regulations, Contract Standing Orders and Accounting Codes of Practice.

13. To review the Council's financial performance as contained in the Annual Report and Accounts.

14. To examine the activities and accounts of the Council and exercise a governance role over management efforts to ensure (a) that the expenditure approved by the Council has been incurred for the purposes intended; (b) that services are being provided efficiently and effectively; and (c) that value for money is being obtained, all in accordance with Best Value requirements.

Summary of the work of the Audit Committee during 2007/2008

As a result of the Council elections in May 2007 the composition of the Audit Committee changed and included members who were new to the Council. Ian Ross, who had been the Vice-Chair of the Committee, was elected as Chair with Christopher Valentine elected as Vice-Chair.

The Audit Committee meets quarterly i.e. March, June, September, and December.

With the change in composition of the Audit Committee it was decided that that training would be provided. This training was provided by KPMG, the Council's internal audit partners. Grant Thornton, the Council's external auditors, was also in attendance to explain their role in relation to the Council.

During the year various reports are submitted to the Audit Committee. The reports are;

- The 3 Year Strategic Audit Plan (every 3 years);
- The Internal Audit Annual Plan;
- Progress Report on Internal Audit Plan
- Internal Audit Annual Report
- External and Internal Audit Report Follow up
- Review of Internal Audit by Robson Rhodes (now Grant Thornton)
- KPMG workplan
- Risk Management and Business Continuity Strategy
- Summary Of Quarterly Performance Reports
- Annual Audit Plan for External Auditors
- Annual Accounts – Financial Statements

- External Audit reports
- National Reports from Audit Scotland
- Briefing note on Performance of Strathclyde Pension Fund
- Update on Legal Services Review

In addition the Committee have requested reports from Officers as a result of issues arising from Internal Audit follow up reports, Quarterly Performance reports etc

Another issue highlighted by Grant Thornton when they carried out their review of compliance with the code was that the Committee did not get copies of Internal Audit reports. The Head of Strategic Finance submitted a report to the Audit Committee in June 2007 recommending that a Summary and Action Plan for each internal audit be reported to the committee. This was approved by the committee and reports have been submitted from September 2007.

The Audit Committee have, after reviewing the reports submitted to them, requested updates where they have concerns about issues arising from the reports. Staff have been requested to prepare reports and attend the Audit Committee in person to provide explanations.

The Audit Committee robustly challenged and investigated failures to meet agreed actions in response to audit findings.

The Audit Committee also requested explanations on performance as detailed in the Quarterly Performance Reports.

Audit Committee's views on the Internal control framework,risk management and governance arrangements

it is the opinion of the Audit Committee that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control system in the year to 31 March 2008.

The Council is making good progress in risk management with the regular review of Strategic and Operational Risk Registers and the proposed implementation of Business Continuity Plans.

It is the opinion of the Audit Committee that the Council has good arrangements for Corporate Governance and has adopted the principles of Good Governance. The principles are;

- Openness and inclusivity
- Integrity
- Accountability

These principles are reflected in each dimension of the Council's business. These dimensions are;

- Community Focus
- Service Delivery Arrangements

- Structures and Processes
- Risk Management and Internal Control
- Standards of Conduct

These are addressed by:

Community Focus

- Public performance report, annual plan/service plans, annual accounts,Audit Committee, Internal and External Audit, Government Inspectorates, Community Planning Partnership.

Service Delivery Arrangements

- Annual service plans, Statutory Performance Indicators, 3 year budgeting process, Best Value Reviews, positive responses to audit reports.

Structures and Processes

- Code of Conduct for Members and Officers. Standing Orders, Scheme of Administration and Delegation, Committee Reports, Council Minutes, Roles and Responsibilities of Members and Officers.

Risk Management and Internal Control

- Risk Management Strategy, Audit Committee function, Performance Management system, service planning, Internal audit plan, Financial Regulations, Treasury Management policy, Fraud policy and whistle blowing policy, best value reviews, Health & Safety Policy, Corporate Risk Register, Annual report statement of compliance, External auditor audit certificate.

Standards of Conduct

- National Code Of Conduct for Councillors, Local Code Of Conduct for Councillors, Code of Conduct for Employees, Anti Fraud and Corruption Policy, Standards Committee, Standing Orders, Financial Regulations, Register of Interests for members and officers.

Conclusion

The terms of reference which guide the activities of the Audit Committee are well established. Over the last five years the Committee has evolved an agreed framework of reporting which now allows immediate assessment of the Council's progress in addressing identified issues of internal control and risk management. With a solid base established in this regard, the Committee is now moving to a more pro-active posture on the Council's operations. A mechanism having now been established for post completion audits on capital projects, it has been agreed that the committee will be involved in the selection of projects to be reviewed and reported on by Internal Audit.

The inception of the Single Outcome Agreement, the move to phase two of Best Value and the increasing emphasis on self assessment, identify the Audit Committee as an important resource for the Council in addressing these challenges.

Over the coming year the Committee will identify a process which will allow a formal audit and assessment of its own efficacy.

The committee is in good heart and relishing its role and contribution.

Agenda Item 9

ARGYLL AND BUTE COUNCIL	Audit Committee
CORPORATE SERVICES	27 June 2008

Risk Management and Business Continuity Strategy

1 INTRODUCTION

1.1 The Governance and Risk Manager has been instructed to provide an updated report on the progress being made with the implementation of the Council's Risk Management and Business Continuity Strategy.

2. RECOMMENDATIONS

2.1 The Committee note the terms of this report.

3. DETAIL

3.1 Risk Register

It was agreed at the RMG meeting in May that each service will continue to review the content of the risk register in its current format, however, once the pilot input into Pyramid has been completed, a full review of the risk register will be carried out. The work on the pilot to date has shown that the format will meet the requirements of the RMG very well. A demonstration of the format will be given by Lyndis Davidson at the next RMG meeting.

3.2 Business Continuity

All Business Impact Analysis templates across the Council have been completed and are with Glen Abbot for scrutiny and processing. Glen Abbot have confirmed that all departments appear to have put in a lot of work and have produced good quality information.

There was further training delivered by Glen Abbot regarding the preparation of Departmental Recovery Plans (DRP's) on 28th and 29th May.

Once again there was a good level of attendance from across the Services.

The template for the DRP's has been received from Glen Abbot and distributed to the Services for completion hopefully by the end of June 2008.

Governance and Risk Manager, 6 June 2008

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Agenda Item 10

ARGYLL AND BUTE COUNCIL	AUDIT COMMITTEE
CHIEF EXECUTIVE'S UNIT	27 JUNE 2008

SUMMARY OF QUARTERLY PERFORMANCE REPORTS

1 SUMMARY

This paper provides a summary of the Service quarterly reports for the period January to March 2008, consisting of the exceptional performance sections only.

2 RECOMMENDATIONS

It is recommended that the Audit Committee

- notes the Service performance in the report and
- considers the style and content of the report and makes suggestions about improvements to this report to assist the Audit Committee in considering performance matters.

3 DETAIL

Service Plans include a level of detail for each Priority, essentially the third tier management level across the Council. Where a Priority is reported as performing above or below the planned level, this performance may be evaluated as exceptional.

The selection of performance included as exceptional relies on the report provided by Services. It is this exceptional performance that is included here. Where explanations for exceptional performance have been provided by Services they are repeated here.

The full quarterly reports are available from the Performance Manager in the Policy and Strategy Team.

For further information contact:

David Clements,
Performance Manager,
Policy and Strategy.
Telephone 01546 604205
Email: david.clements@argyll-bute.gov.uk

Argyll and Bute Council

Extracts from Quarterly Performance Reports Jan – Mar 2008

This paper draws together the exception reports from the quarterly Service performance reports for the fourth quarter 2007/08. Exception reports are those areas of service delivery that the Head of Service considers ahead (✓) or behind (×) the planned level of service. Where no exceptional performance has been reported, the level of service is generally as planned.

Chief Executive's Unit

Communications – no exception reports

Personnel Services – no exception reports

- The detailed sickness absence figures have been entered into Pyramid, the Council's performance management system, providing a simple method to analyse the large volume of data provided.

Policy and Strategy

× Proactive work is still suffering due to pressures on the small team; this period effort has been directed to the Single Outcome Agreement.

Strategic Finance

✓ Both loan fund and long term borrowing rates show favourable trends

Community Services

Adult Social Work

- The number of people with no allocated caseworker is reported at 246 (against 321 planned this quarter)
- The number of people with no allocated caseworker awaiting Occupational Therapy Services is reported at 445 (against 513 planned this quarter)
- The number of people awaiting funding for a care package is not reported (previous reports showed Nov 07 = 51; Dec 07 = 27)

✓ The number of people waiting for assessment and for a service following assessment is reported to be reducing

Community Regeneration - no exception reports

Planning and Performance - no exception reports

Children and Families

✓ The number of children in the child protection system with no allocated worker has reduced to around 4%

Education

✓ ST Mun's Primary school received an exceptionally good HMIE report

Corporate Services

ICT and Financial Services

× 12 month delay to e-Planning system due to national programme delays. (same comment as previous report)

× Care First financial modules implementation delayed by 9 months and NHS declining to use Care First in integrated teams

✓ Over 95% of Council Tax has been collected (provisional figure)
✓ Over 97% of non-domestic rates has been collected (provisional figure)
× The number of new Benefit claims outstanding longer than 50 days stands at over 25% against a target of 9%.
× Benefit claims have generally been slower than planned
✓ Annual cashable savings of £386,500 reported from Exchequer Services.

Legal and Protective Services – no report received

Democratic Services and Governance
- The lack of stated targets in most areas reduces the value of the report.
✓ 95% of Area Committee action minutes are issued within 5 working days
✓ 87.5% of Committee action minutes are issued within 5 working days

Development Services

Transportation and Infrastructure - no exception reports

Planning
✓ There has been continued improvement in the response times for building warrants
✓ Over 85% of completion certificates were issued within 3 days
✓ 78% of Householder Planning applications were processed within 2 months
× The vacancy in the Access manager's post is still causing delays in the Core Path Plan

Operational Services

Roads and Amenity Services – no report received

Facility Services
✓ Some very positive customer feedback from the school meals service with (i) increased take-up in Primary and overall higher take-up than nationally and (ii) satisfaction improvements in menu choices and queuing times
✓ Leisure service customer satisfaction high across a range of areas
✓ Overall attendance at leisure facilities has improved, although memberships are generally reducing
× A significant reduction in the budget for the Education planned maintenance programme is predicted to have a severe effect on the ability to carry out work in the future
- The Asset Management information includes...88% of shared office accommodation is in satisfactory condition, although only 28% of buildings are described as suitable for their current use. In Leisure Services the figures are 51% in satisfactory condition and 50% suitable for current use.

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ARGYLL & BUTE COUNCIL **AUDIT COMMITTEE**
STRATEGIC FINANCE **27 JUNE 2008**

AUDIT FOLLOW UP OF ISSUES FROM QUARTERLY PERFORMANCE REPORTS FROM MARCH AUDIT COMMITTEE

1. SUMMARY

Personnel Services – The Statutory PI shows that the number of employees in the top 2% of earners has fallen from 100 in the Quarter October to December 2007 to 74 for the Quarter January to March 2008. This figure is in line with the figures from previous Quarters.

Community Services, Adult Social Work –There was a rise in exception reports relating to Adult Care. This was a result of the recording of unallocated work on the Carefirst IT system not being accurate. This is now being addressed by the Head of Service, Adult Care.

2. RECOMMENDATIONS

2.1 The contents of this report are noted and approved by the Audit Committee.

3. DETAILS

3.1 At the Audit Committee on 27 March 2008 it was reported that the number of employees in the top 2% of earners had increased from 71 to 100 in the Quarter October to December 2007. Internal Audit was instructed to investigate the reason for this. This figure is arrived by using the guidance provided by Audit Scotland for calculating Statutory PIs.
In order to arrive at this figure Personnel Services take the number of employees at any one time and deduct the number of teachers and staff who have less than 12 months service to arrive at the staff numbers. They then take 2% of this figure to arrive at the number of staff within this 2% e.g. 71.7. They then take the top 72 employees from the list of top earners. However if there are a number of employees included in the list who are earning the same as the employee who is at number 72 then they have to be included as well. This meant that the number for this particular Quarter rose from 71 to100.
The figure for the Quarter January to March 2008 is 74 which is line with previous Quarters.

3.2 At the same Audit Committee Internal Audit was also instructed to investigate the reason for the rise in exception reports relating to Adult Care. The reason for this was that the global figure of unallocated cases was not an accurate reflection of unallocated cases.
The recording of unallocated work on the Carefirst IT system was not accurate. A significant number of the unallocated cases had already been assessed and were receiving service but were not allocated to a specific worker on Carefirst.
New assessment and care planning procedures were to be launched on 15 May 2008 and the launch of the new Care Assess module in June will allow all cases which have been assessed and receiving service to be allocated to a Care Co-ordinator (day/residential staff) on Carefirst for the first time.
The figure for unallocated cases will be significantly reduced.
The Head of Service, Adult Care has sent a memorandum to Councillor Donald

MacIntosh outlining the position. A copy of the memorandum is attached.

4. CONCLUSIONS

The issues raised by the Quarterly Performance reports have been addressed and explanations provided for the Audit Committee.

5. IMPLICATIONS

5.1	Policy:	None
5.2	Financial:	None
5.3	Personnel:	None
5.4	Legal:	None
5.5	Equal Opportunities:	None

For further information please contact Alex Colligan, Internal Audit Manager (01546 604271).

Alex Colligan, Internal Audit Manager. 8th June 2008

Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid

MEMO

COMMUNITY SERVICES
Community Support
Director: Douglas Hendry

Date:	22 April 2008	**Extension:**	
To:	Cllr MacIntosh Cc Douglas Hendry, Director	**Your Ref:**	
From:	Jim Robb, Head of Service Adult Care	**Our Ref:**	AS/SMcL

ADVERSE INDICATORS QUARTERLY PERFORMANCE REPORT OCTOBER – DECEMBER 2007

Background

The number of unallocated cases recorded across adult services was 321 from October-December 2007. The figures from January to March 2008, records a 37% reduction to 246 cases. This has been achieved by management action through close weekly scrutiny of unallocated cases and an ongoing data cleansing exercise on Carefirst IT system by managers. This activity has secured significant reductions in the overall level of unallocated cases to date.

The global figure of unallocated cases is not an accurate reflection of unallocated cases and is misleading. Currently the recording of unallocated work on Carefirst is not accurate. A significant number of the unallocated cases have already been assessed and receiving service but presently not allocated to a specific worker on Carefirst. Typical of this are clients attending day services and clients resident in care homes where a service is being provided and day/residential staff manage the case on a day by day basis.

Action- New assessment and care planning procedures will be launched on 15th May 2008 and the launch of the new Care Assess module in June will allow all cases which have been assessed and receiving service to be allocated to a Care Co-ordinator (day/residential staff) on Carefirst for the first time. I.T have installed computers to all the residential/day units to facilitate this action. This will result in a significant decrease in the number of unallocated cases and allow accurate reporting of unallocated cases. The definition of unallocated cases from this point will specifically relate to clients who have not been assessed or receiving a service.

Action

By the next reporting period, April – June 2008, the figure for unallocated cases will significantly reduce by the allocation of work to Care Co-ordinators on Carefirst. Additional narrative has been added to the return presently due that provides the context for the Audit Committee etc as summarised here

The number of assessments waiting over 56 will continue to reduce through weekly management action by managers in Older People, Mental Health and Learning Disability. There continues to be an ongoing issue with the lengthy waiting tomes for Occupational Therapy services which will be reported separately to the DMT as previously agreed.

The number of adults waiting a service after SSA will reduce by the identification of appropriate providers and funding.

Conclusions:

- There will be a significant reduction in unallocated cases across all adult services with the introduction of the new assessment and care planning procedures and introduction of Care Assess module in June 2008. For the first time much of the unallocated work currently on Carefirst will be allocated to care Co-ordinators.

- Unallocated cases will then be classified as “not assessed or receiving a service”.

- Further reductions in assessments over 56 days will be secured through weekly management action to ensure timescales are met for SSA.

- Reductions in adults awaiting service following SSA will be secured through the identification of providers and resources.

  Please do not hesitate to contact me to discuss this matter in further detail if required.

Jim Robb
Head of Service, Adult Care

POSITIVE ABOUT DISABLED PEOPLE

ARGYLL & BUTE COUNCIL

CORPORATE SERVICES

Audit Committee
27 June 08

EXTRACT OF MINUTE OF THE ECONOMY PPG 13 MARCH 2008

5. BRUICHLADDICH PIER

At the meeting of the Economy PPG on 10 January 2008 there was a discussion about Bruichladdich Pier and the problems there had been with the work that was done there and it was agreed that a report be prepared for this meeting advising how this project was undertaken and the outcome of it to enable the PPG to consider the economic impact of the project and the lessons that could be learned for future infrastructure and capital spend projects.

The Area Corporate Services Manager advised the PPG that the Executive, at its meeting on 21 February 2008, had asked the Organisational Development PPG to look at the procurement processes for large capital projects and in view of this a report on Bruichladdich Pier had not been prepared for this meeting.

Decision

After discussion the PPG agreed:-

1. that in order to avoid duplication of work that this item be removed from the Economy PPG work programme and that once the Organisational Development PPG had concluded their work on procurement processes for large capital projects the Economy PPG look to see if there are any gaps that need further investigation;

2. to note that post completion reviews are to be carried out and submitted to the Executive;

3. to note the likelihood that the Bruichladdich Pier project may be subject to internal Audit; and

4. to recommend to the Audit Committee that they give consideration to the scrutiny of the Bruichladdich Pier project on completion of 2 and 3 above.

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