ARGYLL & BUTE COUNCIL

Internal Audit Section

INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	COMMUNITY SERVICES
AUDIT DESCRIPTION	RISK BASED AUDIT
AUDIT TITLE	SINGLE OUTCOME AGREEMENT
AUDIT DATE	AUGUST 2015

2015/2016

1. BACKGROUND

A review of the Single Outcome Agreement (SOA) has been planned as part of the 2015/16 Internal Audit programme. The report will be presented to the September 2015 Audit Committee of Argyll and Bute Council and subsequently to the Argyll and Bute Community Planning Management Committee. Argyll and Bute Council will act as the lead in terms of addressing any actions arising from the report in consultation with CPP partners.

The Community Plan / Single Outcome Agreement 2013-2023 is a joint statement from the Argyll and Bute Community Planning Partnership (CPP). It sets out the partnership's vision with a wide range of partners including Police Scotland, NHS Highland, Highlands and Islands Enterprise, Argyll College, the Scottish Government and the voluntary sector for achieving long term outcomes for communities in Argyll and Bute over the next 10 years. It also gives the partnership a focus for priority actions and activities over the next three years. A full list of current partners is shown in Appendix 2.

Planning for the Argyll and Bute Community Plan and Single Outcome Agreement commenced in June 2012, instigated by the Scottish Government's desire to have all Community Planning Partnerships develop strategic plans in close consultation with their communities. The Community Plan and Single Outcome Agreement sets out the overall direction and vision for the area until 2023 together with an approach to the main issues that face Argyll and Bute.

The plan is the first ten year Community Plan and Single Outcome Agreement and is to be reviewed regularly to assess progress with implementation of the plan and also to ensure it still remains relevant to community needs.

The overall objective of the SOA for the 10 years to 2023 is "Argyll and Bute's economic success is built on a growing population". To achieve the overall objective 6 long term outcomes have been identified which contribute to the 15 national outcomes set out by the Scottish Government. These 6 outcomes will support the overall objective the outcomes are:

- The economy is diverse and thriving.
- We have infrastructure that supports sustainable growth.
- Education, skills and training maximises opportunities for all.
- Children and young people have the best possible start.
- People live active healthier and independent lives.
- People live in safer, stronger communities.

To deliver each of the six outcomes outlined above the following goals have been identified:

- Develop a clear policy and strategy for the outcome.
- Identify the actions that are required.
- Prepare delivery plans that are clear around resources and risks.
- Identify the success measures and milestones.
- Allocate responsibility to partners so there is a clear line of sight.

It is a requirement for all Community Planning Partnerships (CPPs) to provide evidence of the way in which they will deliver on the ambitions of the Single Outcome Agreement. Since agreement on the SOA by Council in June 2013, the CPP has been developing delivery plans in consultation with key partners. These delivery plans identify both the key partners and the actions necessary to deliver on the SOA outcomes. They are live documents and as such are subject to review and change in line with Community Planning governance arrangements in order that they continue to represent the actions of partners to meet the outcomes.

Performance will be managed quarterly and annually and also over the 10 year period of the SOA. Performance scorecards will also be used. On a quarterly basis performance will be monitored to assess whether actions or milestones have been achieved or are on track.

2. AUDIT SCOPE AND OBJECTIVES

The outline scope was agreed as a review of the Single Outcome Agreement and will include:

- Appropriate governance arrangements are in place;
- Delivery plans are in place that relate to priorities outlined in the SOA outcomes;
- Actions identified within the delivery plan are monitored, measured and reviewed.

Control objectives include Authority, Occurrence, Completeness, Measurement, Timeliness and Regularity. Testing was undertaken using a modified CIPFA SBA control matrix and where appropriate used random sampling.

3. RISKS CONSIDERED

- Failure to have actions which are monitored and measured;
- Failure to report progress and performance;
- Failure to identify risks; and
- Inadequate governance arrangements.

4. AUDIT OPINION

The level of assurance given for this report is Substantial.

Level of Assurance	Reason for the level of Assurance given
High	Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with.
Substantial	Internal Control, Governance and the Management of Risk have displayed a mixture of little residual risk, but other elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Limited	Internal Control, Governance and the Management of Risk are displaying a general trend of unacceptable residual risk and weaknesses must be addressed within a reasonable timescale, with management allocating appropriate resource to the issues.
Very Limited	Internal Control, Governance and the Management of Risk are displaying key weaknesses and extensive residual risk above an acceptable level which must be addressed urgently, with management allocating appropriate resource to the issues.

This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

5. FINDINGS

The following findings were generated by the audit:

Review: Appropriate Governance arrangements are in place

- The Argyll and Bute Community Planning Partnership (CPP) is responsible for delivering on the Single Outcome Agreement and is a partnership of agencies and organisations from the public, voluntary, private and community sectors that have an interest in working together to reach the agreed overall outcome for Argyll and Bute: which is "Argyll and Bute's economic success is built on a growing population".

- The CPP have Terms of Reference (TOR) in place which clearly sets out the governance arrangements. The full partnership is responsible for the overall development of the Community Plan and SOA within Argyll and Bute. Reporting into the full partnership is the management committee which is responsible for ensuring there is effective engagement, joint working, policy development, planning and prioritisation and performance management of the Single Outcome Agreement. In addition there is the Chief Officers group which is responsible for supporting actions agreed by the Management Committee and for developing opportunities for continuous improvement. Finally there are 4 area Community planning groups whose role is to set out what activity is happening at a local level by the community planning partners in order to achieve the actions set out in the delivery plans of the SOA.

- It was noted that the TOR of the Argyll and Bute CPP was ratified by the CPP management committee on the 14th October 2014.

- The full partnership is responsible for the overall development of the community plan and SOA in Argyll & Bute. It does this by delegating responsibility for individual aspects of community planning to the CPP Management Committee, Chief Officers Group and area community planning groups.

The terms of reference stipulate that the full partnership meets annually and has the following responsibilities:

- o Reviews the annual report of the previous year.
- o Reviews progress to date for current year.
- o Sets direction for the following year.
- o Have representatives from the various partnership bodies included in the Partnership.

A review of the minutes evidenced that prior to the meeting of 19th August 2015 the full partnership had not met in the previous year. The council acknowledged weaknesses in relation to the full partnership convening and a number of remedial actions were put in place to ensure the CPP terms of reference activities were addressed, examples of the actions were:

- o The 2013/14 annual report was signed off and agreed by the CPP management committee rather than the full partnership in the meeting of 19th August 2014.
- o The CPP management committee has reviewed progress rather than the full partnership.
- o A review of documentation of the management committee showed that this body has taken responsibility for setting direction for the following year.
- o The management committee has representatives from the various bodies included on it.

- The TOR outlines Management Committee responsibilities for ensuring there is effective engagement, joint working, policy development, planning and prioritisation and performance management of the Single Outcome Agreement. The key roles within the terms of reference for the Management Committee are:

  - o Ensure delivery of the SOA through robust scrutiny and performance.
  - o Report on performance to the Public.
  - o Develop policy across community planning partners that supports the delivery of the Community Plan and Single Outcome Agreement.
  - o Direct resources to ensure delivery of the SOA.

  It was evidenced through review of documents and minutes of meetings that the Management Committee carries out the role as prescribed.

- It was evidenced that the management committee meets quarterly as required.

- The TOR specifies that an overall lead outcome representative is assigned and this was evidenced as in place.

- The TOR sets out the role of the Chief Officers Group which is to support actions agreed by the Management Committee and to develop opportunities for continuous improvement. The group should meet 4 times per year and their role is to:

  o Undertake detailed analysis of matters arising at Management Committee if required.
  o Look in detail at joint resourcing.
  o Ensure issues are being raised and actioned on behalf of the Management Committee of the CPP.
  o Ensure partners are working efficiently together.

  A review of the documents for the last 4 quarterly meetings of the Chief Officers Group showed discussions in line with the groups remit.

- A review of the minutes and documents for the 4 Area Community planning groups' evidenced that they meet quarterly and that consideration and planning is given to activities at a local level to achieve the actions set out in the delivery plans of the SOA as prescribed in the TOR.

Review: Delivery plans are in place that relate to priorities outlined in the SOA outcomes

- It was evidenced that the delivery plans for the Single Outcome Agreement were agreed by the CPP on 25th April 2014 and in addition by Argyll and Bute Council on 26th June 2014, with an agreement at the October 2014 Management Committee meeting that no further changes would be made to these for a 12 month period. The plans were then forwarded to the location director within the Scottish Government.

- It was evidenced that for each of the 6 outcomes there was a delivery plan in place which identifies the key partners and the actions necessary to deliver on the SOA outcomes. In addition it was evidenced that for each outcome there are a series of short term outcomes identified in order to achieve the principle outcome. Each delivery plan has the following headings:

  o Relevant partnership involved in delivering outcome
  o Outcome lead
  o Action description
  o Lead organisation assigned to achieve action
  o Performance indicator
  o Performance target
  o Target date

<u>Actions identified within the delivery plan are monitored, measured and reviewed and risk assessment has taken place;</u>

- For each of the 6 outcomes actions have been identified within the delivery plan. In addition a performance indicator has been assigned against each action in order to assess progress made against the particular action.

- Each of the 6 outcomes has an outcome lead assigned. The outcome lead is a member of the Management Committee and has overall responsibility for:

    o Identifying the relevant partners to achieve the outcome.
    o Ensuring appropriate partnership actions are in place within the delivery plans to achieve the outcome.
    o Providing performance information to the Management Committee in line with the Community Planning Partnership's agreed performance management framework.
    o Liaising with identified short term outcome leads and other relevant partners including the establishment of a structure to enable effective liaison between partners delivering the outcome where appropriate.

    It was evidenced that relevant partners and actions are in place.

- A responsible person has been assigned against each action and responsibilities include updating the Pyramid Performance Management System with relevant performance data. This allows basic tracking of on track, off track performance.

- It was evidenced that Pyramid is being updated with performance data and that reminders are being sent out by the Community Planning support team where the responsible person has failed to populate Pyramid by the agreed time.

- A summary of the Pyramid data for each of the outcome performance indicators is then prepared by the Community Planning support team on an excel spreadsheet which is referred to as a "score card". The score card shows all performance information in terms of a quarterly comparison and is split into green, amber and red as shown in the pyramid system. It also details those actions where no information has been received from the responsible person.

- The CPP Management Committee meets on a quarterly basis and review 2 of the 6 outcomes on a rolling review basis. Actions relating to the other 4 outcomes not scheduled for review are discussed on an exception basis. A performance report is prepared covering the 2 outcomes scheduled for review and summarises score card information and key issues. In addition it highlights those actions which are off track and what remedial activities are being undertaken to address the issues. It was evidenced that all 6 outcomes have been covered in the previous 3 CPP Management Committee meetings.

- It was noted that the Management Committee were advised at the meeting in March 2015 that a review of the current delivery plans would be taking place later in 2015. At the Chief Officer's Group in March 2015, it was agreed that a short-life multi-department, multi-agency performance group made up of key individuals involved in data collection be formed to take the review forward.

A review of the monitoring and review procedures noted the following findings:

- Minutes produced from the quarterly performance management meeting showed that the Management Committee have reviewed the performance reports produced by the lead person for the relevant outcome.

- A total of 354 actions have been identified against the 6 principal outcomes. It was noted that there is no evidence of identification of critical activity actions within performance reporting which would support a more targeted review process.

- It was noted that the Community planning team send out performance information to outcome leads on a quarterly basis. It was evidenced that partial liaison takes place between outcome leads and short term leads as regards status of actions prior to the quarterly meetings but no evidence could be found that all outcome leads hold these discussions.

- A review of the quarter 4 2014/15 score cards showed that for 5 out of the 6 outcomes there were elements of performance indicators data where no information had been provided and no explanation given. There was also performance indicators classified under a red category where no comment/explanation was provided. A summary is shown at Table 1.

Table 1

Outcome description	No. of actions where "No information provided"	No. of actions where no explanation is given for no information being provided	No. of red categories actions	No of actions where no explanation is given for red category
The economy is diverse and thriving	2	2	8	3
We have infrastructure for sustainable growth	2	2	3	0
Explanation, skills and training maximises opportunities for all	0	n/a	6	0
Children and young people have best possible start	2	1	8	5
People live active healthier and independent lives	6	6	9	4
People live in a safer and stronger community	22	1	2	1

- A review of the explanations / comments provided by the outcome leads for actions being off track showed that there are a number of issues with providing performance data. Examples of comments from the score cards are :

  - IT problems occurring so unable to provide performance data.
  - Target measure requires to be reviewed as they are inappropriate.
  - Information still waiting to be updated on source systems.
  - Information is only available annually and not quarterly.
  - Work on providing data is ongoing.
  - Insufficient resource to provide performance data.

- There is evidence that some partners do not have adequate arrangements/resources in place to reliably provide performance data to support effective scrutiny.

- There was no evidence of a procedural document being available which specified the administrative interactions and protocols in place in order to track/monitor and report performance associated with the delivery plans.

6. CONCLUSION

This audit has provided a substantial level of assurance; however elements of residual risk are slightly above an acceptable level and need to be addressed within a reasonable time scale. There are 5 recommendations being reported to the Audit Committee, 1 high and 4 medium and these are set out in Appendix 1 together with agreed management actions, target completion date and person responsible. In additional there is also 1 low recommendation which is not reported to the Audit Committee. Progress with implementation of actions will be monitored by Internal Audit and reported to management and the Audit Committee.

Thanks are due to the Community Planning staff and management for their co-operation and assistance during the Audit and the preparation of the report and action plan.

APPENDIX 1   ACTION PLAN

Findings	Risk Impact	Rating	Agreed Action	Responsible person agreed implementation date
1. Critical Activity action paths		**High/ Medium or Low**		
No evidence of any consideration is given to identifying critical activity actions	Failure to identify and review critical actions adversely impacts on delivery of outcome	High	**Review of SOA Delivery Plan will identify critical actions. This review is planned for Sep 15-April 16.**	**Community Planning Manager** **April 2016**
2. Performance indicators: Data missing		**High/ Medium or Low**		
Review of quarter 4 2014/15 score cards showed that for 5 out of the 6 outcomes there were elements of performance indicators data where no information had been provided and no explanation given	Failure to provide accurate timely performance data resulting in potential ineffective decision making.	Medium	**Clarity of SOA reporting procedure within guidance issued to Outcome Leads to emphasise their role for ensuring explanations of data are in quarterly reports. This action links to number 5 below.**	**Community Planning Manager** **December 2015**

3. Performance indicator : Data collection and review		High/ Medium or Low		
Review performance indicators to ensure that data is relevant and meaningful and also ensure a robust data collection support system is in place.	Failure to identify critical activity actions and appropriate performance indicator data potentially adversely impacting on delivery outcomes.	Medium	**SOA Delivery Plan review will determine the relevance and robustness of data. This review is planned for Sep 15- April 16.**	**Community Planning Manager** **April 2016**
4. Performance management arrangements		High/ Medium or Low		
There is evidence that some partners do not have adequate arrangements in place to reliably provide performance data to support effective scrutiny.	Failure to undertake effective scrutiny may impact on delivery of SOA	Medium	**SOA Delivery Plan review will ensure that all actions contained can be reported on with performance data and aspirational actions are identified separately.**	**Community Planning Manager** **April 2016**

5. Procedural document		High/ Medium or Low		
There was no evidence of a procedural document being available which specified the administrative interactions and protocols in place in order to track/monitor and report performance associated with the delivery plans.	Lack of a procedural document may lead to key actions not being delivered.	Medium	**Produce procedural document for clarity on process, roles and responsibilities for performance management of the SOA.**	**Community Planning Manager** **December 2015**

APPENDIX 2   **Community Planning partners involved in the delivery of the SOA 2013-2023**

Outcome 1: The economy is diverse and thriving

Argyll and Bute Council
Argyll College UHI
Highlands and Islands Enterprise
Job Centre Plus
Scottish Enterprise
Skills Development Scotland
Third Sector Interface

Outcome 2: We have infrastructure that supports sustainable growth

Argyll and Bute Council
Caledonian MacBrayne
CMAL
HIAL
Highlands and Islands Enterprise
HITRANS
Housing Associations
Loch Lomond and the Trossachs National Park
Scottish Enterprise
Scottish Government
SEPA
SPT

Outcome 3: Education, skills and training maximise opportunities for all

Argyll and Bute Council
Argyll College UHI / other regional colleges
Department for Work and Pensions
Highlands and Islands Enterprise
Job Centre +
NHS Highland
Scottish Enterprise
Skills Development Scotland
Third Sector Interface

Outcome 4 - Children and young people have the best possible start

Argyll and Bute Council
NHS Highland
Police Scotland
Scottish Children Reporters Authority
Scottish Fire and Rescue Service

Outcome 5: People live active, healthier and independent lives

Alcohol and Drugs Partnership
Argyll and Bute Council
Highlands and Islands Enterprise
Home Energy Scotland
NHS Highland
Police Scotland
Registered Social Landlords / Housing Associations
Scottish Enterprise
Scottish Fire and Rescue Service
Scottish Natural Heritage
Third Sector Interface

Outcome 6: People live in safer and stronger communities

Argyll and Bute Council
NHS Highland
Police Scotland
Registered Social Landlords
Scottish Fire and Rescue Service
Third Sector Interface

Contact Details

Name   David Sullivan

Address   Whitegates, Lochgilphead, Argyll, PA31 8RT

Telephone   01546 604125

Email   david.sullivan@argyll-bute.gov.uk

www.argyll-bute.gov.uk

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