



**Internal Audit Report**

**Review of Statutory Performance Indicators (SPIs) 2008/09**

October 2009

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## **1 INTRODUCTION**

- 1.1 The Local Government Act 1992 (the “Act”) requires the Accounts Commission to issue an Annual Guide to local authorities to publish such information relating to their activities in any financial year as will, in the Commission’s opinion:
- a. Facilitate the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness and of securing best value in accordance with section 1 of the Local Government in Scotland Act 2003) between:
    - (i) The standards of performance achieved by different authorities in that financial year; and
    - (ii) The standards of performance achieved by such authorities in different financial years.”
  - b. Facilitate the drawing of conclusions about the discharge of those authorities’ functions under Part 2 (community planning) of the Local Government in Scotland Act 2003.
- 1.2 The Accounts Commission issued the Guide, relating to the financial year 2008/09, in December 2007. This Guide provides further information, within the Direction 2007, to assist authorities and auditors in fulfilling their obligations in relation to that Guide, in accordance with the Act.
- 1.3 The Act lays a duty upon each council to ensure that it has in place such arrangements for collecting, recording and publishing the information, as are required to comply with this Direction.

## **2 AUDIT SCOPE**

- 2.1 For 2008/09 Argyll & Bute Council was required initially to report on 52 performance indicators covering 10 services. However as a result of concerns expressed by other councils Audit Scotland decided that we did not have to provide a return for 2 of the Benefits Administration indicators, BA2 and BA3. For 2008/09, it was agreed that External Audit and Internal Audit would split the review of the remaining 50 indicators. An initial review was carried out of the 50 SPI returns and following further analysis a discussion was held between External and Internal Audit over the selection of key SPIs for full audit testing. It was decided that any SPIs that had a significant variance from 2007/08 were checked in more detail. In total 20 SPIs were fully audited. (See table 1 below)
- 2.2 The External Auditors, Grant Thornton UK LLP, reviewed 8 SPIs and Internal Audit reviewed 12 SPIs. One SPI was qualified in 2007/08. This has remained the same with this indicator again being qualified in 2008/09.
- 2.3 The Guide states that the duty of the auditor is to be satisfied the council has made arrangements for collecting and recording of performance information. It must be assessed whether adequate arrangements are in place, the

arrangements function effectively and that the information is accurate and complete.

DEPARTMENT	SPIs	No of SPIs Qualified		SPIs analysed	
		07/08	08/09	IA	EA
ADULT SOCIAL WORK	8	-	-	4	-
BENEFITS ADMINISTRATION	1	-	-	1	-
CORPORATE MANAGEMENT	8		-	1	3
CULTURE & COMMUNITY SVS	6	1 (EA)	1 (EA)	-	2
DEVELOPMENT SERVICES	3	-	-	-	-
EDUCATION & CHILDRENS SVS	8	-	-	4	-
HOUSING	1	-	-	1	-
PROTECTIVE SVS	5	-	-	-	3
ROADS & LIGHTING	5	-	-	1	-
WASTE MANAGEMENT	5	-	-	-	-
<b>TOTAL</b>	<b>50</b>	<b>1</b>	<b>1</b>	<b>12</b>	<b>8</b>

**Table 1: SPI Analysis**

### **3 AUDIT APPROACH**

3.1 Internal Audit selected 12 SPIs to analyse. The PI co-ordinators for the 12 selected were contacted and meetings were arranged with the appropriate officer responsible for collecting and recording the information for each PI.

3.2 The following aspects were analysed for each SPI selected:

- To ensure that systems and procedures are established enabling the required information to be gathered.
- To ensure that arrangements are in place to keep all working papers and any other data sources which may be examined by external auditors and they must be available on request.
- To ensure that gathered information is, as far is practicable, accurate and complete.
- To ensure that the data required by the Direction is published in the required form by the Council.

### **4 SUMMARY OF MAIN FINDINGS**

4.1 It was found that the returns supplied to Policy and Strategy were not provided on time. Many sections needed several reminders to provide the draft returns. There will be instances where delays are unavoidable as departments require information from external sources.

4.2 For Community Services SPIs staff within Planning & Performance were left with Internal Audit to correct any errors that arose. Management within the Adult Services and Children & Families services had not carried out any reviews prior to the SPIs being submitted to Planning & Performance.

- 4.3 The staff producing the SPIs had not provided sufficient back up to Planning & Performance to allow any queries that Internal Audit to be explained. This resulted in additional work to be carried out by both Internal Audit and Planning & Performance.
- 4.4 For the Benefits Administration SPIs reports should be run from the systems on the relevant dates as required by the guidance provided by Audit Scotland. The gross cost figures should be taken after all Central Support Service Charges have been allocated.

#### 4.4 **Qualified SPI**

External Audit analysed 8 SPIs which resulted in Cultural and Community Services indicator 3 being qualified.

External Audit explained that the Council should have included visit numbers for any museum that is 'part funded', including the Kilmartin museum. However visitor numbers were not measured for Kilmartin and Campbeltown during the year in accordance with the guidance.

### **5 DETAILED FINDINGS AND ACTION PLAN**

- 5.1 The detailed findings attached at Appendix 1 has been compiled by Internal Audit after reviewing the direction and draft results for all SPIs, visits to the appropriate PI co-ordinators, and analysis of procedures in place to collate SPI information and statistics.
- 5.2 The action plan attached at Appendix 2 has been compiled by Internal Audit listing all recommendations agreed by management to be implemented. Management will be required to implement any recommendations made by the next SPI process in March 2010. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

### **6 ACKNOWLEDGEMENTS**

- 6.1 Thanks are due to Policy and Strategy, the PI co-ordinators and their supporting staff for their co-operation and assistance during the Audit and the preparation of the report and action plan.
- 6.2 Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the scope in section 4. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.
- 6.3 This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

## APPENDIX 2

### ACTION PLAN

NO.	FINDINGS	RECOMMENDATIONS	RESPONSIBLE OFFICER	DATE OF IMPLEMENTATION
1	Some departments were not submitting their SPIs to Policy & Strategy by the due dates. Reminders were sent to the relevant PI Coordinators.	Departmental co-ordinators should ensure that the members of staff responsible for completing the SPIs complete them by the due date and they are then forwarded to Policy & Strategy.	Departmental co-ordinators	January 2010
2	For Community Services SPIs Managers had not carried out reviews prior to them being submitted to Planning & Performance. This resulted in the SPIs being wrong and having to be amended by Internal Audit.	Management should take responsibility for ensuring that SPIs have been reviewed prior to them being submitted to the co-ordinators for onward submission to Policy & Strategy.	Head of Adult Services/Head of Children & Families/Head of Planning & Performance	April 2010

3	<p><b>Staff within Community Services producing the SPIs did not provide sufficient backup to Planning &amp; Performance.</b></p> <p><b>No methodology was set out from which to follow how the original SPI figures were calculated.</b></p> <p><b>This meant that Internal Audit had difficulty in agreeing the SPI.</b></p>	<p><b>Staff completing SPIs should provide Planning &amp; Performance with sufficient back up for the indicator.</b></p>	<p><b>Head of Adult Services/Head of Children &amp; Families/Head of Planning &amp; Performance</b></p>	<p><b>April 2010</b></p>
4	<p><b>Benefits had not initially run reports from their systems on the due dates as required in the guidance provided by Audit Scotland. These reports are required to calculate the SPI.</b></p>	<p><b>Benefits should ensure that reports on the caseloads should be run for the appropriate quarters.</b></p>	<p><b>Benefit Performance &amp; Development Manager</b></p>	<p><b>Immediate</b></p>
5	<p><b>Benefits had initially calculated the SPI prior to the correct Central Support Service charges (CSS) being allocated.</b></p>	<p><b>The SPI should not be submitted until the gross cost of benefits is known.</b></p>	<p><b>Benefit Performance &amp; Development Manager</b></p>	<p><b>May 2010</b></p>

<b>6</b>	<b>Culture &amp; Community Services indicator CC3 was qualified for the second year in a row. This indicator referred to visitor numbers to the museums.</b>	<b>The appropriate steps should be taken to ensure that the figures for next year's SPI are in accordance with the guidance issued by Audit Scotland.</b>	<b>Head of Planning &amp; Performance</b>	<b>Immediate</b>
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