



Internal Audit Report

Review of Statutory Performance Indicators (SPIs) 20011/12

August 2012

1 INTRODUCTION

1.1 The Local Government Act 1992 (the Act) requires the Accounts Commission to give directions that require councils, fire & rescue and police authorities to publish information relating to the performance of their activities. This is intended to:

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 relevant bodies in that financial year or other period; and

(ii) The standards of performance achieved by such bodies in different financial years or, as the case may be, other periods.

B. facilitate the drawing of conclusions about the discharge of those bodies' functions under Part 2 (community planning) of the Local Government in Scotland Act 2003.

1.2 Audit Scotland issued guidance for the financial year 2011/12, in December 2010. The guidance covers Section 1 (1) of the legislation and does not specifically include community planning functions.

1.3 In its guidance Audit Scotland has exercised its powers under Section 1 of the Local Government Act 1992 to place responsibility for meeting their Best Value responsibilities more directly with councils while retaining a small number of specified indicators emphasising Audit Scotland's commitment to ensuring that councils publish performance information on:

- A range of corporate issues covering best value concerns such as equalities, resource and asset management affecting overall service delivery
- Revenue and service cost management
- Front line services and issues directly relating to service user experience.

2 AUDIT SCOPE AND OBJECTIVES

- 2.1 The external auditor's statutory duty in relation to the performance information is set out in section 99 (d) of the Local Government (Scotland) Act 1973 (as inserted by section 3(2) of the Local Government Act 1992). The responsibility of internal audit is to review the processes used by Council services for reporting Statutory Performance Indicator (SPIs) data; and that guidance notes issued by the Audit Scotland have been followed,
- 2.2 The statutory duty placed on the Council by the Accounts Commission requires it to have compliant arrangements in place for the collection, recording and publishing of performance data; and that the performance data is backed by working papers which are available for review.
- 2.3 Of the 25 SPIs, a sample of 6 was taken for review and covered SPIs where difficulties had arisen during last year's audit, plus ones randomly selected. The focus of the internal audit review was to ensure:
- Systems and procedures had been followed thus producing accurate results; and
 - Working papers used in compiling the SPI figures were easily accessible on request.

3 RISK ASSESSMENT

As part of the audit process and in conjunction with our CIPFA Systems Based Auditing, ICQ approach, the risk register was reviewed to identify any areas that needed to be included within the audit.

- SR16 Failure to have a robust internal control process and system

4 CORPORATE GOVERNANCE

There are no Corporate Governance issues to be reported as a result of this audit.

5 MAIN FINDINGS

- 5.1 Internal Audit found that of the 6 SPIs selected for review, none were qualified. All 25 Statutory Performance Indicators will be submitted to Audit Scotland.
- 5.2 A small number of issues were identified and if addressed by management, the process of performance information gathering will be further improved. Management have agreed the report's recommendations and implementation timetable.

6 RECOMMENDATIONS

Six recommendations were identified as a result of the audit. 2 were rated as High priority, 3 at Medium and a further 1 at Low priority. The recommendations are shown in the action plan attached at Appendix 2 which has been compiled with the co-operation and agreement of the Supervisor/Manager.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the all recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

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 fundamental, material or minor. 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.

7 AUDIT OPINION

Based on the findings of our review it can be concluded that departments have expended effort in producing SPI returns. The review concluded that if the agreed recommendations are fully implemented they will lead to improved efficiency in the gathering of data and its final presentation.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

8 ACKNOWLEDGEMENTS

Thanks are due to;

- The Performance Manager;
- Relevant SPI Co-ordinators;
- Relevant Departmental Staff; and for their co-operation and assistance during the audit and the preparation of this report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

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. In any circumstances where anyone other than the Council accesses this report it is on the strict understanding that the Council will accept no liability for any act or omission by any party in consequence of their consideration of this report or any part thereof. 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	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	Internal audit testing found from the sample selected, there were cases where co-ordinators could not provide working files for review on a timely basis. When working information was supplied, it was on occasions inaccurate. This caused it to go back to departmental co-ordinators for clarification sometimes on several occasions. This resulted in additional audit time being expended.	<i>High</i>	When SPIs are completed by departmental co-ordinators and sent to Improvement and HR; they are to be accompanied by back up papers which reconcile to the figures submitted.	Head of Improvement and HR	31 March 2013
2	Information has been received and reviewed. The Community and Culture Service have an inconsistent approach when producing visitor data from libraries where there are no counters and mobile libraries	<i>Medium</i>	The Community and Culture Service should establish a consistent approach for accounting for visitor numbers, at libraries where there are no automated people counters.	Head Of Community and Culture	31 Dec 1012

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
3	The Community and Culture Service are understating library visitor figures due to not taking into account online visits. The introduction of I-Books if not accounted for will lead to a similar understating of visitor numbers. The above area of concern was highlighted in last year's internal audit report.	<i>Medium</i>	The Community and Culture Service should ensure that online visits are accurately recorded and that downloads of I - books are counted within their SPI submission.	Head Of Community and Culture	31 Dec 2012
4	Internal audit experienced a delay in obtaining appropriate and substantiated visitor figures in respect of both Auchindrain and Kilmartin Museums.	<i>High</i>	Community and Culture Service management should ensure that monthly reporting is maintained and undertake periodic checks to verify received data is both appropriate and accurate.	Head Of Community and Culture	31 Dec 2012

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
5	The council has a page on its website which relates to Campbeltown Museum, but the numbers of visitors to the page have not been counted and included in the submitted SPI figures. This means that there is an understatement of visitor numbers.	<i>Medium</i>	The numbers visiting the Councils website page in respect of Campbeltown Museum should be captured and included in the reported figures.	Head Of Community and Culture	28 Sept 2012