



INTERNAL AUDIT REPORT

CUSTOMER SERVICES

REVIEW OF STATUTORY PERFORMANCE INDICATORS (SPIS) 2012/13

MARCH 2014

SECTION		PAGE
1	Introduction	1
2	Audit Scope and Objectives	1
3	Risk Assessment	2
4	Corporate Governance	2
5	Main Findings	2
6	Recommendations	3
7	Audit Opinion	3
8	Acknowledgements	4
Appendix 1	Detailed Findings	
Appendix 2	Action Plan	

1 INTRODUCTION

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:

- 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.
- 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.

Audit Scotland issued guidance for the financial year 2012/13, in December 2011. The guidance covers Section 1 (1) of the legislation and does not specifically include community planning functions.

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

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,

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.

Of the 25 SPIs, a sample of 4 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

Internal Audit found that of the 4 SPIs selected for review, none were qualified. All 25 Statutory Performance Indicators will be submitted to Audit Scotland.

A 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.

Last Year's recommendations regarding Museums have been implemented successfully at Kilmartin House although as regards Auchindrain museum final figures submitted bore no relation to core working papers. Auchindrain were aware from October 2012 that there would be no further council financial support and no future SLA with the council. This inevitably has led to a negative impact on information provided.

Figures produced for both Museums and libraries required significant adjustment and the requirement to double check the information submitted was not adhered to.

Internal Audit are aware that the guidelines issued for the 13/14 SPI requirements are significantly different from the 12/13 requirements. Staff had not been briefed as to the implications for data gathering Re13/14 at the time of the audit.

6 RECOMMENDATIONS

Six recommendations were identified as a result of the audit. All six were rated as Medium priority. The recommendations are shown in the action plan attached at Appendix 1 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

The level of assurance given for this report is Substantial. 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 1

ACTION PLAN

No.	WEAKNESSES IDENTIFIED	PRIORITY	AGREED ACTION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	Internal Audit found that data supplied to SPI co-ordinators with regard to absence figures did not agree back to working papers.	<i>Medium</i>	The Improvement Service has confirmed that councils must continue to submit data for the small number of former SPIs that are included in the Local Government Benchmarking Framework. Those Services that are required to submit data should continue to work with Internal Audit so that working papers comply with the Accounts Commission's Direction to ensure accuracy before submission to the Improvement Service.	Head of Improvement & HR (co-ordinate returns to IS)	30 August 2014
2	Manual transfer of data from one system to another leads to errors in the data and consequently extra work by Internal Audit to ensure that the indicators reflect the true degree of absence.	<i>Medium</i>	HR ensures a COGNOS report is written that extracts the relevant sickness absence data from the database and presents the information in a format that complies with the Local Government Benchmarking Framework.	Head of Improvement and HR	Complete

ARGYLL AND BUTE COUNCIL
 REVIEW OF STATUTORY PERFORMANCE INDICATORS (SPIs) 2012/13

No.	WEAKNESSES IDENTIFIED	PRIORITY	AGREED ACTION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
3	Historically, mobile libraries take a 4-week survey every quarter and multiply it by 3.25 where as non-counter libraries take a one week survey and multiply it by 13 for each quarter. This is an inconsistent approach to the calculation of visitor numbers. This recommendation was made on the 11/12 Audit and although some non-counter libraries have changed to multiply a 4-week survey by 3.25 there is still an inconsistent approach.	<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	Complete
4	Figures for mobile and non-counter libraries are being entered by hand on sheets and then totalled and multiplied manually. A simple spread sheet template rolled out to all libraries would illuminate manual errors and omissions.	<i>Medium</i>	The Community and Culture Service should establish a template for recording of figures for mobile and non-counter libraries which would illuminate manual errors and omissions. This would also allow submission of figures on a quarterly basis for checking by e-mail and reduce delays and man hours regarding scanning of hand written sheets	Head Of Community and Culture	Complete

ARGYLL AND BUTE COUNCIL
 REVIEW OF STATUTORY PERFORMANCE INDICATORS (SPIs) 2012/13

No.	WEAKNESSES IDENTIFIED	PRIORITY	AGREED ACTION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
5	<p>Figures provided for libraries with counters are also being manually recorded onto sheets, apart from in Helensburgh library, where the figures are recorded on one sheet for the entire year and included the readings from the people counter which increased clarity and reduced errors. This example of good practise should be used as a template to reflect the same information at all counter libraries.</p>	<p><i>Medium</i></p>	<p>The Community and Culture Service should establish a template for recording of figures for counter libraries showing counter readings on a monthly basis, with totals for each quarter. This would also allow submission of figures on a quarterly basis for checking by e-mail and reduce delays and man hours regarding scanning of hand written sheets.</p>	<p>Head Of Community and Culture</p>	<p>Complete</p>
6	<p>It was noted that data from Museums arrived very late for both Campbeltown and Auchindrain . Consequently Internal Audit spent a larger number of days carrying out the overall audit which impacted on our own performance indicators.</p>	<p><i>Medium</i></p>	<p>The Community and Culture Service should address the situation in respect of Museums to ensure that the requirement for additional work for both service and internal audit does not reoccur.</p>	<p>Head Of Community and Culture</p>	<p>Complete</p>