NORTH AYRSHIRE COUNCIL

21 March 2024

Audit and Scrutiny Committee

Title:	**Internal Audit Reports Issued**
Purpose:	To inform the Committee of the findings of Internal Audit work completed between January and February 2024.
Recommendation:	That the Committee considers the outcomes from the Internal Audit work completed.

1. Executive Summary

1.1 The Council's local Code of Corporate Governance requires effective arrangements to be put in place for the objective review of risk management and internal control. Internal Audit is an important element in this framework as it reviews internal controls and offers Elected Members and officers an objective and independent appraisal of how effectively resources are being managed.

1.2 The remit of the Audit and Scrutiny Committee includes the monitoring of Internal Audit activity. The submission and consideration of regular reports assists the Committee in fulfilling this remit.

2. Background

2.1 This report provides information on Internal Audit work completed between January and February 2024. Internal control reviews have been completed in respect of the areas detailed in Appendix 1 to this report. The aim of these reviews is to provide assurance that the internal control framework within the areas examined is appropriate and operating effectively.

2.2 The findings from each audit assignment have been notified in writing to the Chief Executive, the Section 95 Officer and the relevant Executive Director and Head of Service on the completion of each assignment. Where appropriate, this has included an action plan with recommendations for improving internal control. Appendix 1 includes the report and action plan from each audit.

2.3 The findings from four separate audit assignments are detailed at Appendix 1 to this report and the levels of assurance for each are noted in the table below:

Audit Title	Assurance Level
IJB Workforce Planning	Substantial
Workforce Planning	Substantial
Standalone Early Years Centres	Reasonable
Community Resources Keyholding	Substantial

3. Proposals

3.1 It is proposed that the Committee considers the outcomes from the Internal Audit work completed between January and February 2024.

4. Implications/Socio-economic Duty

Financial

4.1 None.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Climate Change and Carbon

4.5 None.

Key Priorities

4.6 The work of Internal Audit helps to support the efficient delivery of the strategic priorities within the Council Plan 2023-2028.

Community Wealth Building

4.7 None.

5. Consultation

5.1 The relevant Services are consulted on Internal Audit findings during each audit assignment.

Mark Boyd
Head of Service (Finance)

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Risk),** on **01294 324524**.

Background Papers
None.

IJB WORKFORCE PLANNING

1   Background

1.1   In March 2022 the Scottish Government (SG) published its 'National Workforce Strategy for Health and Social Care in Scotland' strategy. The aim was to support the 'recovery, growth and transformation' of the Health and Social Care workforce.

1.2   As part of this strategy the SG required HSCPs to produce a 3 year workforce plan. These plans were intended to support HSCPs, but also the SG, in shaping future workforces.

1.3   In accordance with SG timescales, the HSCP's Workforce Plan was submitted to the SG in October 2022.

2   Objectives and Scope

2.1   The scope of this Audit was to ensure that:-

- The Workforce Plan addresses the key questions set by the SG
- Consideration has been given to the workforce available via third party and voluntary organisations
- The Plan aligns with local financial Plans and highlights any issues with achieving the required future workforce
- There is robust evidence to support the information included within the Plan

3   Findings

3.1   The key questions the SG requires to be addressed by the Workforce Plan are:-
- What are your current service demands (including recovery requirements and projected Board/HSCP population health needs), and the workforce requirements associated with these?
- What is your current staffing profile (including quantitative detail)?
- What is the establishment gap between projected service demand and your current staffing profile?
- What actions are you taking at a local level, in accordance with the 5 pillars of workforce set out in the Strategy, to support service growth and transformation, in line with your gap analysis?

Question - What are your current service demands (including recovery requirements and projected Board/HSCP population health needs), and the workforce requirements associated with these?

3.2   The HSCP's Workforce Plan recognises the global and national pressures currently affecting the HSCP. Statistics highlighting:-

- the current, and projected future demographics of North Ayrshire
- the current, and projected levels of health concerns for North Ayrshire residents

have been included in the Plan.

3.3   Audit has agreed these statistics to robust sources.

3.4   The Plan also details the workforce pressures facing services. These pressures were identified by issuing questionnaires to Senior Managers.

3.5   Managers were asked to detail:-
- The key workforce challenges facing their service/team at that moment
- Current service gaps (including vacancies and newly required posts) within their service/team at that moment

3.6   Manager responses were made available to Audit.

3.7   Manager responses were summarised for inclusion within the Plan. Prior to the Plan being submitted to the SG it was reviewed by both the PSMT and IJB. Audit has placed reliance on this review process providing assurance that no key points have been lost during the summary process.

Question - What is your current staffing profile (including quantitative detail)?

3.8   The Workforce Plan report contains statistics on the current workforce. This includes:-
- Employee numbers, FTE and contract type
- Employee composition – eg gender, age, disability, ethnicity
- Employee turnover and absence rates

3.9   Audit was able to agree the above statistics to source documents.

Question - What is the establishment gap between projected service demand and your current staffing profile?

3.10   Projections for the additional Social Workers, Social Work Assistants, Nursing and Midwifery posts that will be required have been calculated and included in the Workforce Plan report.

3.11   At present there is no universal method of projection prescribed by the SG, therefore HSCPs must apply the method they feel most appropriate. The report therefore details the method of calculation used for each post.

3.12   Audit has confirmed the accuracy of the calculation – based on the method chosen by the Project Team.

3.13   In addition to the above projections, Senior Managers were asked to consider the future establishment gaps within their service by responding to the following questions within the Workforce Plan questionnaire:-
- goals/developments for service within the next 12-18 months
- staff required to achieve this
- risk if these developments are not achieved
- goals/developments for service within the next 3 years

- staff required to achieve this
- risk if these developments are not achieved.

3.14 Manager responses were made available to Audit.

3.15 The responses were summarised for the Plan and used to set out the direction each service team hopes to take over the next 12 months and the next 3 years. In addition, a table showing the breakdown of current staff shortages, staff required by 31 March 2023 and staff required by 31 March 2025 has been included as an appendix.

3.16 The report makes clear that the above projections and intentions are aspirational as funding from the SG had not been confirmed for future years.

Question - What actions are you taking at a local level, in accordance with the 5 pillars of workforce set out in the Strategy, to support service growth and transformation, in line with your gap analysis?

3.17 The Workforce Plan report includes a detailed action plan which sets out the HSCPs approach to building the workforce it needs over the next 3 years.

3.18 The action plan contains 31 actions and is structured into 5 sections which align with the '5 pillars of the workforce journey' as defined by the SG (Plan, Attract, Train, Employ, Nurture).

3.19 The SG required a refresh of the action plan to be submitted by 31 October 23.

3.20 To facilitate this refresh, Services were asked to:-
- Confirm the status of the action – eg Ongoing, Complete or to be Removed (if it is no longer appropriate)
- Confirm if the action is being delivered as expected – with a traffic light system used (red, amber, green) to measure the extent of delivery.
- A brief narrative update on the action, identifying progress to date and any future developments to be undertaken.

3.21 The HSCP missed the submission deadline due to issues with identifying responsible officers for 5 of the actions (as of 6th November 23). The Project Team intends to take this issue to the Partnership Senior Management Team for guidance. **(action point a)**

3.22 The Project Team intend to submit the updated Action Plan to the IJB in due course.

Third Party and Voluntary Organisations

3.23 These bodies have an important role in the overall provision of care in North Ayrshire.

3.24 To gain an understanding of the anticipated workforce of these parties in the next 3 years, questionnaires were sent out via TSI (Third Sector Interface North Ayrshire).

3.25 The questionnaire asked the same key questions that were asked of HSCP managers (as noted in **3.5** and **3.13** above).

3.26 Responses were summarised by ACVS. A detailed section highlighting the key pressures and risks facing this sector was included within the report.

Alignment with local financial plans

3.27 Within the HSCP's 2023-2026 MTFO (Medium Term Financial Outlook) there is a section dedicated to recognising 'Workforce Challenges'. This references the 3 year Workforce Plan and Action Plan.

3.28 The MTFO highlights there is uncertainty over SG settlements for 2024/25 onwards. This uncertainty makes future recruitment plans aspirational.

3.29 The HSCPs Strategic Commissioning Plan 2022-30 also makes reference to the importance of workforce development and acknowledges that a Workforce Plan was due to be prepared which would assist with this.

4 Internal Audit Opinion

4.1 Overall, substantial assurance was obtained with regard the details presented within the IJB Workforce Plan.

4.2 The ability to deliver is dependent on a number of factors, not all of which are within the control of the HSCP.

Definitions of Assurance Levels:

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NB The level of assurance given is at the discretion of Internal Audit.

KEY FINDINGS AND ACTION PLAN
IJB WORKFORCE PLAN

Action	a
Finding	Responsible Officers have not been appointed for some Plan Actions.
Action Description	Responsible Officers should be identified as soon as possible. Action updates should be sought in order to allow the Action Plan refresh to be completed and submitted to the SG.
Risk	Lack of ownership for Actions may result in them being overlooked
Priority (1, 2, 3)	2
Paragraph Reference	3.21
Managed by	Paul Doak, Head of Service (Finance and Transformation)
Assigned to	Seony Ross, Team Manager (Strategic Planning and Equalities)
Due Date	29/02/2024
Management Comment	Responsible officers will be identified for the 5 outstanding actions to ensure that delivery of these is progressed.

Priority Key used in Action Plan

1 (High)	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
2 (Medium)	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
3 (Low)	Minor weakness or points for improvement.

<h1 style="text-align:center">WORKFORCE PLANNING</h1>

1   Background

1.1   Workforce planning is a tool that allows the Council to plan now for the workforce that it requires in the future.

1.2   The composition and key skills of the workforce are likely to change going forward as the Council continues to adapt to factors such as the changing demographic of residents, changes in technology, external pressures and financial shortfalls.

2   Objectives and Scope

2.1   The objective of this audit was to ensure that:-
- the Council has guidance and procedures available to support services
- workforce plans are sufficiently detailed and reviewed regularly
- steps are being taken to maximise current staff retention
- current workforce decisions are being made with a view to future workforce requirements

3   Findings

3.1   The responsibility for workforce planning lies with services.

Guidance and Procedures

3.2   The Council has a Workforce Strategy. This sets out the Council's approach to workforce planning including the methodology, tools and processes to be used by services.

3.3   In addition, a number of documents are available to give services practical information on how to tackle workforce planning. These documents include case studies, detailed examples, checklists and questions to consider during planning.

3.4   Power BI reports are available to services. These give data on workforce composition such as headcount, contract types, age split of staff, grade, leavers, new starts and grade progression.

Service Plans

3.5   A Workforce Plan template is used by all services. This template is designed to help services consider all factors, both internal and external to the Council, that are likely to impact their ability to deliver services going forward.

3.6   This template includes the following:-
- PESTLE analysis (Political, Economic, Social, Technological, Legal and Environmental). The likely impact of each of these on the Service must be considered and documented.
- People Implications analysis. This requires services to consider succession planning, talent pipeline, composition of workforce/demographics, areas of growth, areas of decline.

- Change Planner. This records the anticipated benefit of changes as well as the impact these will have on existing posts – including creations, deletions and re-gradings.
- Action Plan. This requires services to allocate 'short', 'medium' or 'long-term' timescales to the key actions required to implement change.

3.7   The Council's Workforce Strategy requires services to update their workforce plans 6 monthly. HR play an active role in supporting services with these updates.

3.8   Audit reviewed the current plans for all services and confirmed that all had been updated approximately 6 months after the previous version.

3.9   ELT receive an annual summary of all workforce plans, at a Directorate level.

Current Staff Retention

3.10   The ability to retain skilled staff is key for workforce planning.

3.11   Employees are more likely to stay with an employer if they feel that their needs are being considered, and that they are valued. The Council aims to create such an environment by:-
- Providing opportunities for employees to upskill or retrain
- Offering work/life balance opportunities
- Providing wellbeing services

3.12   Upskilling and retraining opportunities include:-
- The Council's Leadership Academy - which upskills employees for management roles
- Current employees having the opportunity to apply for modern, trade and graduate apprenticeships
- retraining opportunities – these are targeted at areas where recruitment has been historically difficult – such as teachers and social care
- Creation of career paths – which provide employees with a clear career progression route

3.13   The Council's Work Life Balance policy gives employees the opportunity to amend their work patterns to give a better balance between their work and home life requirements.

3.14   A number of policies are in place to support employee wellbeing. These include:-
- Staff benefits/perks
- Buying Annual Leave scheme
- Maternity, Adoption, Paternity and shared parental leave
- Special Leave
- Occupational Health
- Stress management/support (counselling)
- Wellbeing Warriors
- Bereavement leave
- Endometriosis support
- Livewell (health and wellbeing programme run by council staff)

- Employee welfare guidance (on topics such as needlestick injuries, addictions, domestic abuse etc)
- Travel Smart

Future Workforce

3.15 Vacancy management plays a key role in allowing the Council to realign its workforce, whilst minimising the need for compulsory redundancies.

3.16 The Council's Vacancy Scrutiny Panel ensures that only vacancies in alignment with workforce plans are filled. A post cannot be advertised without the pre-approval of this Panel (with the exception of posts on the exemption list).

3.17 In addition to standard recruitment methods, the Council is looking to attract talent by offering alternative routes into employment, using schemes such as:-
- Modern Apprenticeships
- Graduate Apprenticeships
- Skills for Life
- Streetscene Environment Skills Training Academy
- Developing the Young Workforce
- Care at Home Pilot

4   Internal Audit Opinion

4.1 Overall, substantial assurance was obtained with regard the Council's approach to Workforce Planning.

4.2 The Council is taking steps now to ensure its workforce is equipped to deliver future services.

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STANDALONE EARLY YEARS CENTRES

1   Background

1.1   The Council has 4 standalone early years centres (EYCs) – Castlepark, Dalry, Largs and Springvale.

1.2   Prior to August 2023 Kilwinning Early Years was also classed as a standalone Centre. In August the status of this Centre was changed to 'early years class' and is now under the leadership of Pennyburn Primary School. Despite the recent change of status, this location has been included within the scope of the audit due to it being excluded from the primary school audit in 2022/23.

1.3   This audit was performed by requiring all standalone centres to complete a self-assessment questionnaire and provide supporting documentation. Each response was reviewed in detail and followed up as necessary. In addition, a sample of centres were visited to allow more detailed audit testing to be performed.

2   Objectives and Scope

2.1   The questionnaire and detailed testing were designed to gain assurance that:-

- Staff are aware of all relevant Council governance procedures.
- All cash is being held securely and is being properly managed.
- Cash withdrawals made via the Procurement Card are being used for appropriate types of expenditure, and all transactions are being properly recorded.
- A full audit trail exists for all toy fund (equivalent of school fund) income and expenditure transactions.
- Detailed Inventory records are being maintained.

3   Findings

Governance

3.1   Each Head of Centre was asked to confirm they were aware of a number of key Council policies and had completed a number of key training courses. 2 Heads were able to give full assurance. Audit has requested the remaining 3 Heads familiarise themselves with the policies and complete any outstanding training as soon as possible.

3.2   All Centres confirmed that the relevant staff have completed cash holding and fire warden training.

3.3   The Council's Risk Assessment Guidance states that 'if there are no accidents or near misses relating to the work activity, no changes to personnel, environment, procedures, equipment etc, then it is acceptable for a Low rated Risk Assessment to be reviewed every 2 years. However, an annual risk assessment review is best practice'.

3.4 Audit reviewed all Centres' risk assessment registers, on the basis that no assessments should exceed 2 years old. Only 1 Centre has assessments exceeding the 2-year maximum timescale. This Centre has agreed to review all assessments as a matter of urgency.

Cash Holding

3.5 All Centres have keyholder registers in place to formally record who has access to cash storage locations.

3.6 All Centres are aware of the maximum level of cash they are insured to store on site.

3.7 The only cash being held on site at all Centres relates to their Toy Fund.

GPC cash

3.8 Centres do not use GPC cash.

3.9 Audit has confirmed with eProcurement that the cash withdrawal facility is deactivated on all cards.

Toy Fund

3.10 The Kilwinning Centre Toy Fund was amalgamated with Pennyburn Primary's School Fund in August 2023. School staff manage this Fund with no input from Centre staff.

3.11 The remaining 4 Centres all hold fund cash income on site and 2 hold petty cash for small purchases.

3.12 Audit has requested that Education give consideration to stopping the use of petty cash in Centres. The Centres not using petty cash provide an example of how this can be achieved. **(action point a)**

3.13 All Centres provided examples of the documentation used to record and authorise Fund expenditure, however detailed testing did highlight instances where verbal authorisation has been used. Audit has raised this issue directly with the relevant Centres.

3.14 Instances of reconciliations not being formally documented were also identified during testing. Audit raised this directly with the relevant Centres.

3.15 At the time of the Audit, Education was in the process of updating its procedure for managing School Funds. Education has confirmed this will be circulated to all officers involved in the administration of the School and Toy Funds as soon as it is finalised.

Inventory

3.16 Audit requested copies of inventory records from all Centres.

3.17 Detailed testing highlighted that not all records are up to date. Audit has raised this issue directly with the relevant Centre. The Centre has agreed to review and update its inventory records.

4   Internal Audit Opinion

4.1 Overall, reasonable assurance was obtained with regard to the areas covered by this Audit.

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KEY FINDINGS AND ACTION PLAN
STANDALONE EARLY YEARS CENTRES

Action	a
Finding	Some Centres are using petty cash for Toy fund expenditure.
Action Description	Centres should stop using petty cash for making payments.
Risk	Increased risk of theft or loss associated with holding cash
Priority (1, 2, 3)	2
Paragraph Reference	3.12
Managed by	Andrew McClelland, Head of Service (Education)
Assigned to	Lynn Taylor, Senior Manager Resources and Infrastructure
Due Date	28 June 2024
Management Comment	Engagement with EBOs will take place to make arrangements to stop using petty cash and transfer to on-line banking by the end of this academic session.

Priority Key used in Action Plan

1 (High)	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
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3 (Low)	Minor weakness or points for improvement.

COMMUNITY RESOURCES KEY HOLDING

1   Background

1.1   There is a requirement for local authorities to ensure:
- efficient use of buildings
- creative operations
- reducing costs
- encouraging community organisations

1.2   The Community Resources Council Team's mission statement is "To make available safe, clean, comfortable and fit for purpose accommodation in which a range of learning, recreation and wellbeing activities and events can take place. Thus, enhancing the lives of the people living or visiting North Ayrshire."

1.3   There are 155 groups with 212 keyholders, 179 of whom are external keyholders. These arrangements apply to the majority of the Community Facilities that the Council operates.

1.4   This audit is reviewing the current key holding processes in Community Halls.

2   Objectives and Scope

2.1   The objective of this audit was to assess the process surrounding the management of keyholding of community halls transferred to Community Groups within North Ayrshire to ensure:-
- the client meets the requirements of NAC to make use of the community asset.
- the process is open and transparent.
- maximising the assets use potential efficiently and producing savings.
- the asset remains secure,

3   Findings

Community Benefit

3.1   The 2023 Community Risk Register identified 14 keys areas. Of these 8 directly impacted on the running of community halls. Risks identified include budgetary, asset sustainability, heath and safety, inability to meet expectations due to reduced staffing, reduction of external grant funding and reduced building maintenance leading to buildings becoming unusable.

3.2   Mitigations for these risks have been identified and the Council's Community Resource Team are working with community groups to achieve these. The Council's policy is to assist local community to take over the running of centres through security awareness, key training and basic site management.

3.4   The role of the team is to make the most cost-efficient use of the community assets by creating opportunities for Community Associations, by establishing confidence

and empowering the community to take on the responsibility for running the lets and achieving efficiency savings.

3.5   The process for assessing, preparing, and guiding community groups to achieve this is established and each request is reviewed on an individual basis. There are a wide range of groups including community associations, health support groups, arts and crafts, exercise clubs, music and pupil support, all meeting the needs of the local community.

Support

3.6   The Community Resource Team have been using Microsoft Forms to efficiently collate and record responses from their clients. In the case that the client doesn't have access to IT, the form is printed and manually completed. This document is the basis of the Keyholding register and completion of client documentation and training needs. The register also tracks actions by the team to ensure completion, reducing replication of actions.

3.7   Comprehensive risk assessments and fire evacuation plans have been completed for each of the community halls. Every group are required to complete the associated training. Surveys are issued every six months to keyholders, to ensure they remain confident in building operations and safe systems of work, and to allow for any potential improvements to be identified. These are reinforced by regular site visits.

3.8   All sites visited had current Liability Insurance certificates publicly displayed as well as fire and maintenance records. Physical security of buildings is managed through key safes controls which are updated annually. Risk assessment guidance relating to potential security issues are documented and provided to the keyholders.

3.9   A visit to Irvine Library identified the role of libraries in helping fill community gaps. Examples included clubs, study groups and commercial access support for banking services that are disappearing from the communities.

Efficiencies

3.10   Cost centre budget statements are reviewed regularly by the Team Manager. This statement provides an overview spend for the year to date, previous year and forecast over or under.

4   Internal Audit Opinion

4.1   Overall, substantial assurance was obtained with regard to keyholding management of community halls.

4.2   The proactive use of available IT for collating and recording and supporting community is commendable.

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