
NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title: Internal Audit Reports Issued

Purpose: To inform the Committee of the findings of Internal Audit work completed between August and October 2023.

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 August and October 2023. 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 five 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 Community Engagement	Reasonable
Accounts Payable Transaction Testing Q2	Reasonable
Carers (Scotland) Act 2016	Substantial
Early Years Provision	Substantial
Financial Resilience and Viability	Substantial

3. Proposals

- 3.1 It is proposed that the Committee considers the outcomes from the Internal Audit work completed between August and October 2023.

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 COMMUNITY ENGAGEMENT

1 Background

- 1.1 The Scottish Community Development Centre (SCDC) has published National Standards for Community Engagement, which are endorsed by the Scottish Government, CoSLA and Audit Scotland.
- 1.2 North Ayrshire Health and Social Care Partnership (NAHSCP) has produced a Participation and Engagement Plan for 2022-25. This states that the HSCP will undertake all engagement activity in line with the National Standards for Community Engagement.
- 1.3 The HSCP has a small Engagement Team managed by the Interim Portfolio Programme Manager – Strategic Planning and consists of 3 Partnership Engagement Officers, one of whom was seconded away from the team at the time of the audit.

2 Objectives and Scope

- 2.1 The main objectives of the audit were to ensure that:
 - The IJB identifies and involves the people and organisations affected by the focus of the engagement activities
 - The IJB identifies and overcomes any barriers to participation
 - Engagements have a clear purpose, which is based on a shared understanding of community needs and ambitions
 - The IJB works effectively together with participants to achieve the aims of the engagement
 - The IJB uses methods of engagement that are fit for purpose
 - The IJB communicates clearly and regularly with the people, organisations and communities affected by the engagement activities
 - The IJB assesses the impact of the engagement and uses what has been learned to improve future community engagement.

3 Findings

Background

- 3.1 The Participation and Engagement Plan 2022-25 mentioned at 1.2 above is not currently publicly available. It is not available on the HSCP's website, which has recently been reviewed and had a large number of documents which do not meet accessibility requirements removed. **(Action a)**
- 3.2 The Partnership Engagement team don't have a written shared workplan. The team is small and team members have good awareness of what each other is working on. Their work is very reactive and they don't always get good notice of projects that require input from them. They work closely with the HSCP's Planning team and intend to introduce a shared system that would include a forward workplan. **(Action b)**

Inclusion

- 3.3** The National Standards for Community Engagement identifies 7 standards and a series of indicators which allow an organisation to test whether they have met the standard. The auditor considered whether the HSCP's engagement work overall met these standards and also looked at a sample of 5 specific engagements completed in the last 18 months.
- 3.4** The Engagement team endeavour to include people and groups affected at the earliest opportunity. However much of their work is reactive and they are not always given a lot of notice by services and projects of the requirement for engagement activity. They also need time to do background work before involving service users and other stakeholders, to ensure that they are using people's time wisely. **(Action c)**
- 3.5** A wide variety of engagement methods are used in order to maximise the inclusion of different groups, including digital and physical methods, and involvement of Partnership and Council staff in locations such as libraries and community centres to assist people with completion of surveys. Efforts are made to include different locations within North Ayrshire and different groups included those with protected characteristics.
- 3.6** The HSCP are in the process of introducing Locality Conversations. These will consist of 2 large stakeholder events in each locality each year, as well as 2 Locality Planning Review Group meetings in each locality in each year. Staff members from across services in the Partnership, Council, NHS, and 3rd sector and independent providers will be encouraged to attend the stakeholder events, alongside the community members in each locality. These events are intended to be structured but relaxed, to enable people to have conversations, ask questions and share ideas around health and social care services in their locality.
- 3.7** A Care Improvement Network has also been established as an online network of volunteers for engagement.

Support

- 3.8** As noted at 3.5 above, action is taken to remove or reduce any practical barriers which make it difficult for people to take part in engagement activities.
- 3.9** The Partnership Engagement team stated that support needs are assessed. However, this is not always recorded. They stated that they endeavour to create a safe and open space in all the engagements, including always telling people that there are no wrong answers, they can leave at any time and that the event is a safe space. **(Action d)**

Planning

- 3.10** The team involve partners in the planning of the engagement, including regular meetings with the HSCP's Planning team, but again this wasn't always recorded. **(Action d)**
- 3.11** The team are hoping to take part in a Scotland-wide benchmarking system called VOiCE, run by the SCDC. They had completed a Data Protection Impact Assessment and this had been delayed due to the Information Governance team

having a large volume of work. However, this system will not hold any personal data, therefore the auditor advised the team that they probably didn't require the DPIA and to contact Information Governance to confirm that this is not required.

3.12 The intended outcomes of the engagements are defined by the service or project commissioning the work, but sometimes they are very generic e.g. to find out what is important to service users. They are not always recorded, but the team stated that they are kept in mind. The team have some overriding indicators of success i.e. to cover all localities and engage relevant communities of interest.
(Action d)

3.13 The team is small and has limited resources. They are trying to make the best use of these limited resources by providing advice to allow services to conduct their own engagement work. They are trying to change the culture of engagement to create a network and involve the teams who know their own service users. One of the Partnership Engagement Officers is attending training from Health Improvement Scotland on a "train the trainer" basis, which she will then roll out to services.

Working Together

3.14 Information about roles and responsibilities is included in engagement plans. However, as noted above the plans are not always recorded. **(Action d)**

3.15 Aspects of this standard relating to accessibility and support are covered at 3.9 above.

Methods

3.16 The variety of methods used during the 5 sample exercises appeared appropriate for the purposes of those engagements. The team follow an iterative development process to incorporate feedback (from partners and participants) and learning into future rounds of engagement.

Communication

3.17 All of the sample engagements produced a report of the findings of the engagements which were clearly written and easy to understand. These documents are not always published, but the team advised that they are available on request and some of them are put into more accessible formats for publication.

3.18 The team use an approach of thematic analysis, using planned structure of questions to allow detailed analysis of responses and ensure that the feedback from participants is represented in the reporting of the engagements.

3.19 Background information is provided to participants as appropriate and presented in appropriate formats.

3.20 The introduction of Locality Conversations, as described at 3.6, has included asking about how engagement can be done differently e.g. obtaining feedback on times and locations of events.

3.21 The Partnership had published some information on decisions and actions resulting from engagement activities. However, the outcomes and decisions made from projects which include engagement activity are often outwith the control of the Partnership Engagement team and also often the engagement is only one consideration and the decisions are sometimes made a long time after the engagement, so this wasn't always practical.

Impact

3.22 Aspects of this standard relating to decisions and outcomes are covered at 3.12, 3.18 and 3.21 above.

3.23 The team believe that participants have improved skills, confidence and ability to take part in community engagement in the future as people do continue to engage with them. They provided anecdotal evidence that supported this.

3.24 Aspects of this standard relating to monitoring and review of quality are covered at 3.16 above.

4 Internal Audit Opinion

4.1 Overall, reasonable assurance was obtained with regard to community engagement in North Ayrshire Health and Social Care Partnership and compliance with the National Standards for Community Engagement. The partnership has demonstrated good practice, particularly in terms of inclusion and support provided to participants. However, records were not always retained of what had been done and a number of minor improvement actions have been identified.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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

KEY FINDINGS AND ACTION PLAN IJB COMMUNITY ENGAGEMENT

Action	a
Finding	The Participation and Engagement Plan is not publicly available.
Action Description	The HSCP should make the Participation and Engagement Plan publicly available, for example by producing an accessible version of this document that can be included on the HSCP's public website.
Risk	Service Users and other stakeholders are not able to view the plan . The HSCP cannot demonstrate that they are adhering to the plan.
Priority (1, 2, 3)	3
Paragraph Reference	3.1
Managed by	Paul Doak, Head of Service (HSCP Finance and Transformation)
Assigned to	Scott Bryan, Interim Programme Portfolio Manager, Strategy
Due Date	29 th September 2023
Management Comment	The Participation and Engagement Plan will be published on the new HSCP website as soon as possible. The original plan that was approved by PSMT was produced using CANVA software. As such, it is unlikely this will meet the accessibility standards required for publication and the plan will require transfer to a Word/PDF format before publication.

Action	b
Finding	The Partnership Engagement Team do not currently maintain a shared forward workplan
Action Description	The Partnership Engagement Team should introduce and maintain a shared forward workplan. If the shared system with the Planning team does not go ahead, a simple workplan for the team should be developed.
Risk	Resourcing issues are not identified at the first opportunity.
Priority (1, 2, 3)	3
Paragraph Reference	3.2
Managed by	Paul Doak, Head of Service (HSCP Finance and Transformation)
Assigned to	Scott Bryan, Interim Programme Portfolio Manager, Strategy
Due Date	31 st December 2023
Management Comment	A shared workplan for the Engagement Team will be produced as a matter of priority. Prior to the Audit, this was an area the engagement team were keen to develop but have been currently unable due to demands on the team and changes in overall capacity in the team. A timescale of the end of December will allow the team to identify ongoing work and forthcoming engagement work that is likely to take place in 2024. This is likely to include National Consultation Work, supporting service engagement, and inclusion of the timescale for the new locality conversations.

Action	c
Finding	The Partnership Engagement Team do not always receive good notice from services or projects that engagement activity is required
Action Description	HSCP management should remind services of the need to involve the Engagement Team in projects at an early stage, in order to allow them to do adequate preparation and involve service users and other stakeholders at the earliest opportunity
Risk	Engagement activities do not have adequate timescales to allow the best quality engagements where service users and other stakeholders feel that their voices are being heard.
Priority (1, 2, 3)	2
Paragraph Reference	3.4
Managed by	Paul Doak, Head of Service (HSCP Finance and Transformation)
Assigned to	Scott Bryan, Interim Programme Portfolio Manager, Strategy
Due Date	31 st December 2023
Management Comment	Management have become more aware of the value of effective engagement and are drawing on support from the team at earlier opportunities. The engagement team also has its own page on the new HSCP website where staff and managers can find contact details for the team. Going forward, a paper will be brought to the Partnership Senior Management Team, discussing the benefits of early planning and inclusion of engagement activity. In addition, the team will promote their service through the HSCP weekly newsletter.

Action	d
Finding	The Partnership Engagement Team do not consistently keep detailed records of the engagements.
Action Description	The Partnership Engagement Team should consider keeping more detailed records of their engagements, including: <ul style="list-style-type: none"> • Assessment of support needs • Discussions with partners at the planning stage of an engagement • Intended outcomes and success criteria of the engagement • Roles and responsibilities of those involved in the engagement <p>This could include producing template records for officers to complete. However, record-keeping should be proportionate and not onerous in comparison to the benefits.</p>
Risk	Learning from previous exercises is lost. In a business continuity situation e.g. a staff member going off sick, it is more difficult for someone else to pick up their work. The team cannot evidence the process they followed if challenged.

Priority (1, 2, 3)	2
Paragraph Reference	3.9, 3.10, 3.12, 3.14
Managed by	Paul Doak, Head of Service (HSCP Finance and Transformation)
Assigned to	Scott Bryan, Interim Programme Portfolio Manager, Strategy
Due Date	31 st March 2024
Management Comment	<p>Alongside the development of a shared workplan, the engagement team are motivated to develop a system of records management for all engagement activity.</p> <p>As well as recording the rationale and nature of engagement activity, it is hoped that this system will also record engagement outputs, such as numbers engaged and thematic outputs.</p> <p>The team are currently exploring the possible options.</p>

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.

ACCOUNTS PAYABLE TRANSACTION TESTING QUARTER 2

1 Background

- 1.1 This audit used computer audit software called IDEA (Interactive Data Extraction and Analysis) to interrogate the Accounts Payable (AP) system and the Procurement Card system and examine any anomalies which arose.
- 1.2 There were 4,217 active Trade Suppliers (for processing payments to standard suppliers, individuals, and social services) and 507 Sundry Suppliers (for processing one-off sundry payments) on Integra as at 03/07/23.
- 1.3 There were 51,366 invoices paid to trade and sundry suppliers during the period of the audit totalling just under £161 million.
- 1.4 There were 15,922 procurement card transactions made during the period of the audit totalling just under £2.8 million.

2 Objectives and Scope

- 2.1 The main objectives of this audit were to ensure that:
 - duplicate suppliers are identified and de-activated to minimise the risk of duplicate invoices being paid.
 - duplicate invoices have not gone undetected.
 - advance payments have been reported to Financial Management for the list of pre-payments at financial year-end.
 - high value invoices have been properly authorised.
 - invoices paid to employees are bona fide.
 - Card purchases are in line with the policy and there is adequate separation of duties.
- 2.2 The audit period was 1st January 2023 to 30th June 2023. This audit will be carried out again in quarter 4.

3 Findings

Supplier Tests

- 3.1 Testing was carried out to identify duplicate trade suppliers on the system. Testing identified 40 duplicate suppliers either by supplier name or bank details. These were passed to the AP team to review and deactivate as appropriate.
(action a)
- 3.2 Testing also highlighted 2 active suppliers with no bank details recorded on Integra. These were passed to the AP team for information purposes.

Invoice Tests

- 3.3 The auditor tested for duplicate invoices for payments to suppliers and identified 223 possible duplicates that were investigated further. This confirmed that 98 were duplicates but had already been identified and action taken by the AP team. This testing identified 18 potential duplicate invoices totalling £3,534.14 and 3

potential credit notes totalling £506.41, which have not already been identified by the AP team. The potential duplicates have been passed to the AP team to check and arrange recovery. **(action b)**

3.4 There were 78 invoices with a payment date before the invoice date. Testing was carried out on a sample of 10 and in 8 cases the invoice date was keyed incorrectly and in 2 cases the invoice date was keyed correctly and has been paid in advance. However, it should be noted both were paid a week or less in advance.

3.5 There were 657 invoices with a payment date more than 1 year after the invoice date. Testing was carried out on a sample of 10 and in 3 cases the correct invoice date was keyed and there was a significant delay in the receipt of invoice. The other 7 had the dates wrongly keyed. Financial Management confirmed that there are no VAT implications when paying invoices more than 1 year old. However, it should be noted that invoice date keying errors will impact the monitoring of paying invoices on time.

Advance Payment Tests

3.6 The auditor tested for round sum amounts over £20,000 to help identify any advance payments. There were 30 invoices found meeting this criterion plus an additional 20 payments over £20,000 were randomly selected. This resulted in 22 being passed to Financial Management to confirm the correct action had been taken ahead of the annual accounts being closed. The Financial Management review confirmed that 2 payments were coded to the incorrect year and a prepayment certificate was completed to move either all costs or a portion of the costs to 2023/24.

High Value Payment Tests

3.7 There were 1,769 invoices between £10,000 and £100,000 and 15 were selected for audit testing. There was 1 invoice that was keyed by the service and approved by an authorised signatory, but the invoice amount was above their approval limit. In addition, the payments over £10,000 report was attached in Integra but there was no evidence of who had carried out this check. The invoice was keyed by the service. The approver has been contacted and advised they will review their approval limit and ensure there is evidence of who has completed the payments over £10,000 check. **(action c)**

3.8 There were 241 invoices over £100,000 and 15 were selected for audit testing. There were 3 invoices keyed by the service that were approved by an authorised signatory, but the invoice amounts were above their approval limit. In addition, 2 of these invoices had no payments over £10,000 report attached. The approvers have been contacted and have agreed to action this finding. **(action c)**

Payments to Employee Tests

3.9 The auditor tested for employees who have been paid via Integra. There were 32 supplier bank details matching an employee's bank details. All invoices paid to these suppliers were checked and there were no concerns to note.

GPC Card Transaction Tests

- 3.10** The auditor tested for separation of duties and found one user that had reviewed and approved 3 transactions, but this had been picked up by the e-Procurement monitoring process and action was taken.
- 3.11** The auditor identified 14 potential duplicate card payments which were investigated. In 2 instances, duplicate payments had occurred but had been quickly rectified. In the other cases there were no duplicate payments. The auditor further noted that in some cases the cardholders were splitting the purchase which was above their approval limit. The cardholders have been advised this is against the Procurement Card Policy and Procedure.
- 3.12** In one case where the invoice has been split, the total of the 2 card payments is £12,867 and the invoice total is £12,687 resulting in an overpayment of £180. This was an error by the supplier and the overpayment has been refunded to the card.

4 Internal Audit Opinion

- 4.1** Overall, reasonable assurance was obtained with regard to the controls around the processing of invoices and card payments, in particular to prevent duplicate invoices being processed as the number of potential duplicates, relative to the overall number of transactions, is very low.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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

KEY FINDINGS AND ACTION PLAN
ACCOUNTS PAYABLE TRANSACTION TESTING Q2

Action	a
Finding	Testing was carried out to identify duplicate trade suppliers on the system. Testing identified 40 duplicate suppliers either by supplier name or bank details. These were passed to the AP team to review and deactivate as appropriate.
Action Description	Procurement should review the list of duplicate suppliers and de-activate suppliers as appropriate.
Risk	Duplicate invoices may be paid to the same supplier via different supplier numbers.
Priority (1, 2, 3)	1
Paragraph Reference	3.1
Managed by	Mark Boyd, Head of Service (Finance)
Assigned to	Suzanne Quinn, Senior Manager (Corporate Procurement)
Due Date	31 st October 2023
Management Comment	The Accounts Payable Team will investigate the 40 potential duplicate suppliers by 31 st October 2023 and report findings and action taken to remove to Internal Audit.

Action	b
Finding	Testing identified 18 potential duplicate invoices totalling £3,534.14 and 3 potential credit notes totalling £506.41, which have not already been identified by the AP team.
Action Description	AP should review the potential duplicate payments and arrange for recovery of monies paid twice.
Risk	The Council has paid the same invoice twice and the money has not been recovered.
Priority (1, 2, 3)	1
Paragraph Reference	3.3
Managed by	Mark Boyd, Head of Service (Finance)
Assigned to	Suzanne Quinn, Senior Manager (Corporate Procurement)
Due Date	31 st October 2023
Management Comment	The Accounts Payable Team will investigate the 21 potential duplicate invoices by 31/10/23 and recover where appropriate or notify Internal Audit, why duplicate payment is legitimate. Recovery of funds can take several months.

Action	c
Finding	There were 4 invoices keyed by services that were approved by an authorised signatory, but the invoice value was above their approval limit.
Action Description	Procurement should issue a reminder to services that key their own invoices to ensure the authorised signatory list is checked before the invoice is keyed to Integra.
Risk	Invoices are paid without proper authorisation.
Priority (1, 2, 3)	2
Paragraph Reference	3.7, 3.8

Managed by	Mark Boyd, Head of Service (Finance)
Assigned to	Suzanne Quinn, Senior Manager (Procurement)
Due Date	30 th September 2023
Management Comment	The Accounts Payable Team will issue a reminder in relation to checking the Authorised Signatories List, for those service teams responsible for processing non-PO invoices.

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.

CARERS (SCOTLAND) ACT 2016

1 Background

- 1.1 The Carers (Scotland) Act 2016 was introduced to improve the health and wellbeing of carers. The Act came into force from 1 April 2018.
- 1.2 Statutory guidance (issued in July 2021) sets out 8 duties for local authorities.

2 Objectives and Scope

- 2.1 The objective of this audit was to ensure the Council is fulfilling its duties as set out by the Carers (Scotland) Act 2016.

3 Findings

- 3.1 In June 2023, the Council awarded a 3-year contract to Unity Enterprise for the supply of 'Information and Support services for Young and Adult unpaid carers in North Ayrshire'. This contract will result in an expansion of the current carers support service.

Duty:- Adult Carer Support Plan (ACSP)

- 3.2 The guidance states that ACSP's should be offered to all carers, irrespective of the level of care being provided.
- 3.3 Historically, the uptake of ACSP's has been low within the Council.
- 3.4 The Service has taken the following steps to improve the identification of carers and create more informal routes to accessing support:-
 - Appointed a Carer Support Worker who provides a less formal route for carers to complete ACSP's and access support,
 - Appointed a Project Delivery Officer who has been working with various sections within the Council (including North Ayrshire Drugs and Alcohol Recovery Service and the Adult Learning Disability Service) to educate officers on carers rights, the support available to them, the benefits of ACSPs etc,
 - Included the need for Unity to actively seek and identify carers through outreach and community-based models in the newly awarded contract,
 - Made provision within the new contract for Unity staff to complete ACSPs, make assessments of eligibility and provide support to carers.
- 3.5 Audit has confirmed that the ACSP template being used by NAC covers all areas set out in the statutory guidance.
- 3.6 The 'Adult Carers Support Plan Guidance' document needs to be updated to reflect revised eligibility criteria as agreed by IJB in June 22. **(action point a)**

Duty:- Young Carer Statement (YCS)

- 3.7 The Council is responsible for assessing who is best placed to complete YCS's.

- 3.8** The Council's 'Young Carers Guidance' document states that:-
- YCSs for pre-school carers are the responsibility of the Health Board,
 - YCSs for school aged carers (aged 5-18) are the responsibility of the Council. HSCP and Education have shared responsibility to identify, offer and support young carers to complete YCSs.
- 3.9** Education arrange support that has no financial implication to the Council. Cases where there is a cost attached to the support, or the need for support is deemed to be substantial or critical are referred to the Carers Team for actioning.
- 3.10** The Service has taken the following steps to improve the identification of young carers and increase the uptake of YCSs:-
- Young Carer Co-ordinators have been appointed in every school across the Council,
 - Workshops have been delivered to all primary and secondary schools covering young carer identification, assessment, and access to support as well as appropriate recording and reporting,
 - Information, resources, toolkits and support have been made available on GLOW.
- 3.11** Audit has confirmed that the YCS template being used by NAC covers all areas set out in the statutory guidance.
- 3.12** The 'Young Carers Guidance' document needs to be updated to reflect revised eligibility criteria as agreed by IJB in June 22. **(action point a)**
- Duty:- Local Eligibility Criteria**
- 3.13** The Council has a duty to set and publish the criteria it uses to assess whether a carer is eligible for support under the Act. Publishing this information ensures transparency.
- 3.14** The Council has separate eligibility indicators for ACSP's and YSP's – both of which are published on the HSCP website. These set out the areas to be assessed and what constitutes no impact/risk, low impact/risk, moderate impact/risk, considerable impact/high risk and critical impact/crisis.
- 3.15** Audit has confirmed the indicators being used by the Council are in line with those suggested as best practice in the Act.
- 3.16** The Service has not published its Eligibility Guidance document which would set out how the impact assessment translates to the level of support the Council is likely to offer. The Service is aware of the need to also publish this and has confirmed this will be done once it has been updated to reflect changes approved by the IJB in June 22. **(action point a)**
- 3.17** The guidance requires the Council to consult with representatives of carers before setting eligibility criteria. The Service has confirmed that the Carers Advisory Group was consulted prior to the IJB approving the eligibility criteria changes.

Duty:- Provision of support, waiving of charges and replacement care

- 3.18** The Council has a duty to provide support to all eligible carers if the carers needs cannot be met by support provided to the cared-for person, or via services available universally in the community.
- 3.19** The Service has confirmed that if an assessment shows that caring is having a critical or substantial impact on the carer, Social Work will be asked to review the case to see if additional support for the cared-for-person could improve the situation for the carer.
- 3.20** The Service has also confirmed that consideration is always given to universal support available before looking at options requiring funding.
- 3.21** The HSCP 'Charging Policy 22/23' confirms that services provided to support a carer's needs are exempt from charges. It also confirms that respite care required to allow a carer to take a break will also be exempt.

Duty:- Carer involvement in service planning

- 3.22** The Act looks to strengthen carers involvement in shaping the support provided to them.
- 3.23** The Service has confirmed that carers are represented via the Carers Advisory Group. This group consists of a combination of Councillors, Council Officers, a representative from Unity, a Carer Representative and unpaid carers.
- 3.24** The Group meets quarterly and looks at all developments relevant to carers, including IJB board papers.
- 3.25** In December 2022 the IJB was notified of the intention to create a Carers Collaborative/Network. The intention was to expand the existing Carers Advisory Group and provide a forum for local carers, organisations, professionals who work with carers and volunteers to better communicate. As of September 2023, this restructure remains ongoing.
- 3.26** Carers voices are represented in the wider Council by a Councillor appointed as Carer Champion.

Duty:- Local Carer Strategy

- 3.27** The Council is required to produce a local carer strategy. The content of the strategy is laid out in the guidance in order to ensure a consistent approach.
- 3.28** The IJB approved an interim carers strategy (covering 2023-2025) on 24 August 2023. The Service now intends to work on a medium-term strategy covering the years 2025-2030.

Duty:- Information and advice for carers

- 3.29** The Council must provide a minimum level of information, as set out in the Act.

3.30 The Council's key provision of information is via Unity Enterprise. The Service has ensured the contract with Unity covers all the key areas of information stated in the Act.

3.31 The Council also supports carers by:-

- Educating Council officers to better identify and signpost carers,
- Publishing advice and documents on the HSCP website,
- Paying an annual subscription to the Carers UK Digital resource. This is a 24 hour, 7 days a week information and advice resource,
- Offering a Carer Appreciation Card scheme. This scheme helps carers identify themselves (as being carers) to hospitals, schools etc. In addition, a number of North Ayrshire businesses give concessions and discounts to card holders which may help with funding a break from caring.

Duty:- Short breaks services statement

3.32 The Council must publish a short break statement. This statement must cover breaks available to carers via ACSP's and YSP's, but also those breaks available to all.

3.33 A short break statement, which meets the requirements of the Act, is published on the HSCP website.

3.34 The Service has confirmed that the Council's Carer Advisory Group were consulted when preparing the statement to ensure the views of carers and representatives of carers had been considered.

General Audit observations

3.35 As noted in **3.1**, the Service has recently agreed a new contract for the supply of 'Information and Support services for Young and Adult unpaid carers in North Ayrshire' with Unity Enterprise. This new contract will see Unity playing a more proactive role in the provision of information and completion of ASCPs and YCSs. Current guidance documents within the Service are likely to require to be updated to reflect these changes. The Service is aware of this need. **(action point a)**

4 Internal Audit Opinion

4.1 Overall, substantial assurance was obtained with regard the Service's compliance with the areas of the Carers (Scotland) Act 2016 covered by this Audit.

4.2 Documentation within the Service needs to be updated. The Service was aware of this need prior to the Audit.

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Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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

KEY FINDINGS AND ACTION PLAN CARERS ACT

Action	a
Finding	Guidance documents need to be updated. The following documents were identified during the Audit, although the Service should consider whether any other literature or documentation needs to be updated:- <ul style="list-style-type: none"> • Adult Carers Support Plan Guidance • Young Carers Guidance • Eligibility Criteria Guidance
Action Description	Guidance documents should be updated to reflect:- <ul style="list-style-type: none"> • revised eligibility criteria • the impact of the new contract with Unity on service delivery
Risk	Errors made when assessing carers eligibility due to Officers applying outdated guidance; underuse of Unity services due to lack of awareness of the additional services the new contract provides
Priority (1, 2, 3)	2
Paragraph Reference	3.6; 3.12; 3.16; 3.35
Managed by	Scott Hunter, Chief Social Work Officer
Assigned to	Kimberley Mroz, Policy Manager SDS & Carers
Due Date	27 th October 2023
Management Comment	<p>Eligibility Criteria Guidance and associated threshold tables will be updated to reflect the policy decision agreed at IJB to extend the parameters to include early and effective support. The practice has changed since early 2023 (Feb) meaning lower levels of support and breaks from caring are now being provided to carers through light touch assessment. The criteria will subsequently be published on the NAHSCP Carer Support webpage.</p> <p>In tandem, the practice guidance for offering and completing Adult Carer Support Plans and Young Carer Statements will be updated to reflect this offer of lower levels of carer support.</p> <p>Reference the update of guidance due to the recommissioning of the carer service. We will update as much as possible on the understanding this is a developing and expanding service.</p>

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.

EARLY YEARS PROVISION

1 Background

- 1.1 Children aged 3-5 and some 2-year-olds are eligible for 1140 hours of childcare, which may be provided by a Council establishment or by a private nursery or childminder. Providers are paid a set amount for lunches, snacks and milk provided to children.
- 1.2 Children under the age of 3 are sometimes placed with a childminder or nursery on a fixed-term basis in response to a Request for Assistance from Health Visitors and other professionals.

2 Objectives and Scope

- 2.1 The main objectives of the audit were to ensure that:
- there are suitable policies and procedures in place regarding the provision of early years childcare
 - payments to providers are made correctly and promptly
 - the process for requests for assistance is being followed correctly
- 2.2 The audit focussed on provision of early years childcare by childminders and private nurseries.

3 Findings

Policies and Procedures

- 3.1 Policies and procedures relating to provision of early years childcare were reviewed and some minor feedback was provided to the service.

Payment of Providers

- 3.2 A sample of payments to childminders and private nurseries were reviewed. A number of minor discrepancies in data recorded were identified, but none of these had any material consequence. **(Action a)**

- 3.3 For a smaller sample of childminders and nurseries, proof of registration, insurance, PVG (Protecting Vulnerable Groups) checks and qualifications were checked. All were found to be satisfactory. These checks did identify one private nursery whose most recent inspection had fallen below the required inspection rating. Education staff were already aware of this situation and were engaging with the establishment to ensure that an improvement action plan was being implemented.

Requests for Assistance

- 3.4 Placements as a result of a Request for Assistance are only granted if they meet specific criteria and are generally for a short period e.g. 6-10 weeks, although extensions or repeated placements are sometimes granted following the same

approval process. These placements are approved at a monthly multi-agency allocation meeting.

- 3.5** Testing was undertaken on a sample of placements resulting from a Request for Assistance. No significant findings arose from this testing. One small overpayment had been made due to an error in record-keeping, but it was subsequently identified by the team through their own control checks, and deducted from a subsequent invoice to the childminder.

4 Internal Audit Opinion

- 4.1** Overall, substantial assurance was obtained with regard to administration of early years provision by childminders and private nurseries. Some small errors in record-keeping were identified during the audit, but none of them had any material consequence.

Definitions of Assurance Levels:

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KEY FINDINGS AND ACTION PLAN EARLY YEARS PROVISION

Action	a
Finding	A number of minor discrepancies were identified in records, but none had a material effect.
Action Description	<p>Education should consider introducing additional quality control checks between records provided by childminders and private nurseries and records held by the Service.</p> <p>Consideration could also be given to whether all the data included in the spreadsheets is required, as inputting unnecessary details is not efficient and gives scope for errors to arise.</p>
Risk	Errors which affect the provision a child receives or the amount the Council pays are not identified.
Priority (1, 2, 3)	3
Paragraph Reference	3.2, 3.5
Managed by	Andrew McClelland, Head of Service (Education)
Assigned to	Fiona Hopkins, Senior Manager (Education)
Due Date	30 th November 2023
Management Comment	<ul style="list-style-type: none"> • Education will introduce an additional quality control check between submitted partner provider records and records held by our service. • We welcome the recommendation re: duplication of data and will review appropriately, giving due consideration to the necessity of data being recorded at stages in the process.

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.

FINANCIAL RESILIENCE AND VIABILITY

1 Background

- 1.1 The CIPFA Financial Management Code (the FM Code) was published in October 2019. It applies to Local Government Bodies in Scotland, England, Wales and Northern Ireland, as well as IJBs in Scotland.
- 1.2 The FM Code comprises of 7 sections which are sub-divided into 17 financial management standards (represented by letters A to Q).

2 Objectives and Scope

- 2.1 The objective of this audit was to ensure the Council can evidence compliance with all 17 standards of the FM Code.

3 Findings

Section 1 The Responsibilities of the Chief Finance Officer and Leadership Team

***Standard A** - The leadership team is able to demonstrate that the services provided by the authority provide value for money*

- 3.1 The Council ensures it is providing value for money by:-
- Having robust financial budgeting and monitoring processes in place
 - Having robust procurement procedures in place
 - Undertaking regular performance management and benchmarking – both internally and against other authorities
 - Supporting the Council's Internal Audit and Corporate Fraud teams
 - Assessments of Best Value carried out by external bodies – such as the external auditors and Best Value Audit (2020)

***Standard B** - The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government*

- 3.2 Internal Audit obtained evidence to confirm compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. This statement covers the following areas:
- role in the Leadership Team
 - involvement in business decisions
 - promotion of good financial management
 - finance function
 - qualifications and experience

Section 2 Governance and Financial Management Style

***Standard C** - The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.*

***Standard D** - The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).*

- 3.3** The Council's 'Code of Corporate Governance' document sets out in detail the Council's approach to governance. It also defines the methods used to monitor and report Council performance.
- 3.4** This document is updated annually to ensure it remains representative of how the Council is operating. The Audit and Scrutiny Committee review and approve the annual update.
- 3.5** The Code notes that it complies with the 'Delivering Good Governance in Local Government Framework' (CIPFA/Solace 2016) guidance.

Standard E - The financial management style of the authority supports financial sustainability.

- 3.6** The Council's 'Code of Corporate Governance' details the Council's approach to ensuring it achieves its financial objectives. The Code references the use of the following:-
- Long Term Financial Outlook
 - Medium Term Financial Plan
 - Capital Investment Programme
 - Capital Investment Strategy
 - Asset Management Plans
 - Regular reporting of financial performance to Cabinet
 - Production of annual accounts and publication on the Council website.
 - Local Financial Returns.

Section 3 Long to medium-term financial planning

Standard F - The authority has carried out a credible and transparent financial resilience assessment.

Standard G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.

Standard H - The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.

Standard I - The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

- 3.7** The Council Plan is the key document that defines the strategic direction of the Council. All plans, whether financial or operational, must align with the objectives of the Council Plan.
- 3.8** The Council has the following financial planning documents:-
- a long-term (10 year) financial outlook document (current version covering up to 2030/31). The plan includes detailed sensitivity analysis based on the key assumptions made within the projections and explicitly states affordability gaps. A detailed refresh is carried out every 3 years.

- A medium-term (3 year) rolling plan. This plan is based on the 10 year plan, but is more detailed and with assumptions updated as necessary. This is refreshed annually.
- A capital investment strategy (current version covering up to 2030/31). The current plan sets out the capital programme along with details of how this will be funded. This is refreshed annually.
- Treasury Management & Investment plan. This plan supports the capital investment strategy by ensuring that capital plans remain affordable and within acceptable parameters.

- 3.9** The Council's Treasury Management Strategy confirms it complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 3.10** Financial Management is in the process of updating its register of staff dealing with treasury management activities with its external advisor. This exercise allows the Council to maintain its status as being a 'professional client' as per the FCA rules.
- 3.11** Standards F to I are covered by these arrangements.

Section 4 The Annual Budget

Standard J - The authority complies with its statutory obligations in respect of the budget setting process.

- 3.12** On 1st March 2023 the Council was presented with the following budget documents:-
- General Services Revenue Estimates 23/24 – 25/26
 - Capital Investment Programme 23/24 – 30/31
 - Treasury Management & Investment Strategy 23/24
- 3.13** The combination of these 3 documents meet the Council's statutory obligations in respect of the budget setting process.

Standard K - The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

- 3.14** As required by the FM Code, a statement from the Chief Finance Officer regarding the robustness of the estimates and a statement on the adequacy of the proposed financial reserves is included in the Revenue Estimates document.

Section 5 Stakeholder Engagements and Business Plans

Standard L - The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

- 3.15** The Council Plan is the key strategic document for the Council. Extensive consultation with key stakeholders is undertaken when refreshing this plan. All plans within the Council, whether financial or operational, must align with the Council Plan.

- 3.16** The Council revisits its revenue and capital budget projections annually. This starts by asking Services to review future budgets and consider whether these remain both accurate and realistically programmed.
- 3.17** Services can raise anticipated cost pressures, amendments to capital programme delivery and any possible savings for consideration by the Council.
- 3.18** Residents have the opportunity to engage in the budget process via briefings within the 6 localities.

Standard M - *The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.*

- 3.19** Services can 'bid' for additional capital or revenue funding, with the Chief Finance Officer presenting proposals to Council for consideration.
- 3.20** Detailed templates must be completed. Revenue bids must be able to evidence that the additional requirement is either unavoidable or will have an impact on the Council's strategic objectives if not supported. Capital bids require either an options appraisal or full business case, depending on the value being requested, to be completed.
- 3.21** Decisions will feed into the budget documents noted in sections 3 and 4.

Section 6 Monitoring Financial Performance

Standard N - *The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.*

Standard O - *The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.*

- 3.22** The Cabinet receives regular financial updates covering the revenue, capital and investment position of the Council. This ensures Cabinet remains aware of any deviations from budget as soon as possible. In 2023/24 the intention is for reports to be provided for period 3, 5, 8, 10, 12.
- 3.23** These reports also highlight any potential risks that have not yet been quantified within the accounts, but that the reader should be aware of.

Section 7 External Financial Reporting

Standard P - *The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.*

- 3.24** The Chief Finance Officer has included a statement within the 2022/23 draft annual accounts which confirms his responsibility preparing the Annual Accounts in accordance with proper practices as required by legislation and as set out in

the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

- 3.25** The external auditor will state an opinion on the accuracy of the above statement as part their overall audit opinion.

Standard Q - *The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.*

- 3.26** The final outturn position for both revenue and capital for 2022/23 was presented to Cabinet on 30th May 2023. Based on these figures Cabinet approved adjustments to the 2023/24 budgets.

4 Internal Audit Opinion

- 4.1** Overall, substantial assurance was obtained with regard the Council's application of the principles of the CIPFA FM Code.
- 4.2** CIPFA states that compliance with the FM Code assists local authorities in demonstrating that they are meeting their legislative requirement to have sound financial management.

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