

Internal Audit Report



Internal Audit Report
Corporate and Democratic Services
Local Action Partnerships
18-23
March 2019 (Report No.19/100)

Final Report

Legal and Governance
Corporate and Democratic Services
Perth & Kinross Council
Council Offices
2 High Street
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Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

The Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Background and Introduction

This audit was carried out as part of the audit plan for 2018/19, which was approved by the Audit Committee on 27th June 2018. Audit testing was carried out in February 2019.

The Community Empowerment (Scotland) Act 2015 set out a requirement for local authorities and other public bodies to involve communities in decision making and a duty on Community Planning Partnerships to work with communities to prepare and deliver Locality Action Plans which tackle inequalities.

In 2016, Perth and Kinross Community Planning Partnership (CPP) established five Local Action Partnerships to seek to address inequalities by engaging communities in decisions on local priorities and services. In 2018, two of the Local Action Partnerships each decided to split into two.

Local Action Partnerships are not Council Committees. They cannot be directed by Council officers, only supported and enabled to deliver their Local Action Plans.

Scope and Limitations

In order to arrive at an opinion on the achievement of the control objectives, the audit included a desktop review of documents and interviews with officers in Corporate and Democratic Services Communities team and members of the Eastern Perthshire and Highland Action Partnerships.

The review consisted of interviews with relevant staff and testing to confirm the proper operation of expected controls.

The audit covers the setting up and support of Action Partnerships to cover the Council’s duties under Parts 2 and 10 of The Community Empowerment (Scotland) Act 2015, Community Planning and [community] Participation in Public Decision Making. It does not cover other parts of the Act.

It is recognised that the Local Action Partnerships are accountable to the CPP and not the Council. Our review therefore concentrated on the Council’s responsibility as a member of the CPP in advising and supporting the running of the Local Area Partnerships.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A ‘control objective’ is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the

Internal Audit Report

actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective 1: To ensure that the Council is making progress towards appropriate arrangements being in place to meet the requirements of the Community Empowerment Act (Scotland) 2015.

Internal Audit Comments: There is evidence that the Council, through the Perth & Kinross Community Planning Partnership (CPP) and its Action Partnerships, a form of local Community Planning Partnership, is making progress to meet the requirements of the Act.

The CPP has produced a Community Plan (Local Outcomes Improvement Plan) 2017-2027 and each Action Partnership produced a locality plan (Local Action Plan) in 2017. These locality plans direct the Action Partnerships in the work that they do using evidence from Stories of Place and Fairness Commission as well as the local knowledge brought by the members of the Action Partnerships.

The Community Empowerment (Scotland) Act 2015 requires CPPs to publish an annual progress report. The CPP Board published its first Annual Performance Report for the Community Plan (Local Outcomes Improvement Plan) 2017-2027 at the end of January 2019 that covers the achievements of the Partnership from 1 October 2017 to 30 September 2018. This reported that in 2017/18 Local Action Partnerships delivered highly successful Participatory Budgeting programmes.

In the last nine months Local Action Partnerships have begun to provide, on a rolling basis, updates to the CPP Board on progress with delivery of their Action Plans. All but one partnership have provided updates in the last six months with Kinross-shire, Almond and Earn due to provide an update in June 2019.

In December 2017 the CPP commissioned What Works Scotland (WWS) to undertake a review of local decision making and provide recommendations for improving and enhancing this role within Community Planning in Perth and Kinross. WWS undertook its evaluation from January to March 2018, using a combination of focus groups, interviews and observation techniques to gather information on Local Action Partnerships and their activities. It considered a number of aspects of local decision making, providing information on: what is currently working well; what the current challenges are; and what additional future challenges are emerging.

An improvement plan for Local Decision Making in Perth & Kinross has been developed in liaison with Local Action Partnerships Chairs and Lead Officers and the Community Planning Partnership Executive Officer Group and was approved by the CPP on 7 December 2018. The plan was based on the evaluation undertaken by WWS. The improvement plan has five themes. Strengthening Foundations; Governance and Administration; Participation and Links; Supporting and Empowering; and Growth and Improvement. The plan contains a number of actions, focusing on building skills and capacity, and creating practical tools to support the Local Action Partnerships in their role.

It was resolved that a commitment be given by Board members to the resource required to deliver on the Improvement Plan over the next twelve months and the CPP Executive Officer Group be instructed to oversee, monitor and report on the implementation of the Improvement Plan, with six monthly reports to the CPP

Internal Audit Report

Board in June and December 2019.

At the time of the internal audit, two actions dates had passed and in both cases the actions were completed timeously. A communications plan was agreed and implemented and a Local Action Partnership Handbook was prepared, approved and published on the Perth and Kinross Action Partnerships group on Knowledge Hub.

Strength of Internal Controls:

Strong

Control Objective 2: To ensure that Local Action Partnerships are identifying their priorities and are making progress in delivering them.

Internal Audit Comments: Each Action Partnership produced a locality plan (Local Action Plans) in 2017. These plans identify local priorities which are tackled through the Local Action Partnership.

Local Action Partnerships have already demonstrated their ability to allocate local funds effectively through the 2017 and 2018 Participatory Budgeting rounds which significantly increased community participation in financial decision making as referred to in the above objective.

Some members of the Local Action Partnerships are currently involved in assessing projects to make recommendations to an Executive Sub Committee of the Council's Strategic Policy & Resources Committee for the award of funds to community projects from the Council's Community Investment Fund. Applications for a total of £1.6m from 149 projects have been received. All these awards have been assessed against the priorities identified in each Action Plan to address identified inequalities in the area and criteria agreed by the Council's Strategic Policy and Resources Committee.

Internal Audit reviewed two Local Action Partnerships, namely Eastern Perthshire and Highland. Minutes of meetings were reviewed, as were the relevant Local Action Plans to provide assurance that the Local Action Partnership have identified their priorities and are making progress in delivering them. In addition meetings were held with the Lead Officer of Eastern and the Chair of Highland. Eastern Perthshire Action Partnership verbally updated the CPP in December 2018 having identified five local priorities which it is tackling through its Local Action Plan. Highland Action Partnership provided a verbal update in February 2019 which included a presentation on the progress in the last year.

It was noted that none of the Action Plans have been refreshed, however Action Partnerships members have been active in the two annual rounds of Participatory Budgeting process and some of them are currently active in the Community Investment Fund award process. It is intended that they will address refreshing the Action Plans when the Community Investment Fund award process is completed in March 2019.

Strength of Internal Controls:

Moderately Strong

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of the officers in the Community Planning Policy team and also the Lead of the Eastern Perthshire Action Partnership and the Chair of the Highland Action Partnership.

Feedback

Internal Audit welcomes feedback, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

K Reid, Chief Executive

J Valentine, Depute Chief Executive (Chief Operating Officer)

F Robertson, Head of Culture and Community Services

D Stokoe, Service Manager, Communities

L Haxton, Community Planning & Policy Team Leader

L Simpson, Head of Legal and Governance Services

Committee Services

External Audit

Authorisation

The auditor for this assignment was M Stewart. The supervising auditor was M Morrison

This report is authorised for issue:

Internal Audit Report

J Clark
Chief Internal Auditor
Date: 12 March 2019

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Improvement Plan	Medium
2	Action Plans	Medium

Appendix 2: Action Plan

Action Point 1 - Improvement Plan

Council officers should ensure that every action that they are responsible for on the improvement plan is completed by the action date.

Failure to do so may lead to accepted improvements required not being realised.

Management Action Plan

Officers will ensure that six monthly reports are presented to the CPP Board in June and December 2019.

Risk/Importance:	Medium
Responsible Officer:	D Stokoe, Service Manager, Communities
Lead Service:	Culture and Community Services
Date for Completion (Month / Year):	December 2019
Required Evidence of Completion:	June and December 2019 CPP Board agendas including submission of a report and sight of the report by Internal Audit.

Auditor's Comments

Satisfactory

Action Point 2 - Action Plans

The Communities team representative(s) and Lead Officer (if a PKC officer) on each Action Partnership should encourage it to revisit its Action Plan and ensure that the priorities are still relevant in addressing the inequalities in the area.

Without a revisit the priorities in the Action Plan may no longer be appropriate and inequalities may not be captured and, therefore, addressed.

Internal Audit understands that this will begin to happen after the completion of the Community Investment Fund award process.

Management Action Plan

The Communities team representative(s) and Lead Officer if a PKC officer on each Action Partnership should encourage it to revisit its Action Plan and ensure that the priorities are still relevant in addressing the inequalities in the area.

Risk/Importance:	Medium
Responsible Officer:	D Stokoe, Service Manager, Communities
Lead Service:	Culture and Community Services
Date for Completion (Month / Year):	December 2019
Required Evidence of Completion:	Sight of refreshed Action Plan for each Action Partnership by Internal Audit.

Auditor's Comments

Satisfactory