

Argyll and Bute Council
Internal Audit Report
February 2024
Final

Human Resources – Casual
Staff

Audit Opinion: Substantial

..... 3

..... 3

..... 3

..... 4

..... 4

..... 4

..... 4

.....

1. As part of the 2023/24 internal audit plan, approved by the Audit & Scrutiny Committee in March 2023, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Human Resources-Casual Staff.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.
4. Despite a challenging financial context, the council's overall workforce numbers have not

- Appendix 1 lists pay rates for casual workers Re 2021. Rather than stating these rates which will change on an annual basis, consideration should be given to inserting a link to a site that reflects current pay rates.

Action plan 3

18. Included on the HUB is a number of documents pertinent to casual workers namely :

- Casual Workers – Guidance for Managers
- Recruitment forms

19. Each department is assigned a "Human Resources Business Partner" to review high level data around usage of casual staff and highlight areas for review.

20. Staff members undergo induction training upon joining the Council, ensuring their initial preparedness for their roles. Whilst there is existing guidance on the utilisation of casual workers, there is no documented evidence demonstrating periodic training for staff members who engage casual workers. This gap in training extends to the Education sector, where there appears to be insufficient instruction on differentiating between the status of a casual worker and that of a supply teacher. To bridge this training gap, HR should consider the introduction of training e-videos accessible through the HUB platform.

Action Plan 4

All casual staff are regularly reviewed to ensure that their employment status is correct. This includes frequency, duration and nature of assignments

21. The guidance specifies that "Financial Records on the use of Casual Workers" are distributed monthly to Heads of Service to facilitate monitoring of their utilisation. These reports are intended to assess the consistency of casual workers' engagement, which may prompt a review of their contractual status. Evidence reveals that such reports are regularly prepared across departments, including Education and Financial Services and forwarded to relevant staff, identifying individuals currently under casual contracts flagged by HR for review. However, it was observed that there is no established process to ensure that the relevant services conducts the necessary review upon identification of such individuals.

Action Plan 1

22. Discussions with management in Catering and Cleaning, as well as Pupil Transport, revealed their lack of awareness regarding HR reports identifying employees on casual worker contracts needing review to ensure compliance with the Council's legal obligations.

Action Plan 2

23. The Guidance specifies that Managers are accountable for maintaining Casual Worker Lists. A review of casual worker lists confirmed that registers of casual workers are in place.

24. The council regularly conducts an equal pay audit. The audit explores gender pay gaps, where these manifest within the organisation, and why. The most recent equal pay audit's findings provide assurances that the processes and practices around pay and grading are robust with pay gaps arising from structural factors within the wider labour market.

25. Discussions with operational managers confirmed they use casual staff because it's quicker and easier to set them up in a casual post than to go through the levels of control required for

temporary posts. HR should explore

Action Point 5

All Council services are compliant with each section of the guidance including recruitment, payment and rights of casual workers.

26. As part of its routine monthly audit checks, internal audit examines a random sample of workers' pay to verify adherence to contractual arrangements. The random sample encompasses casual workers, and findings thus far affirm that casual workers are compensated in accordance with contractual obligations.
27. The guidance for casual workers states " If the post that you wish to recruit into does not already

In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.
	An observation which does not highlight an issue relating to internal controls but represents a possible opportunity for the council to achieve better value for money (VFM).

	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.