

11 June 2014

## **Documents can be made available in alternative formats on request**

Dear Member

A meeting of the **Audit and Scrutiny Committee** will take place in the **Council Chamber, Council Headquarters, Glenurquhart Road, Inverness** on **Thursday, 19 June 2014** at **10.30am**.

**Webcast Notice:** This meeting will be filmed and broadcast over the Internet on the Highland Council website and will be archived and available for viewing for 12 months thereafter.

You are invited to attend the meeting and a note of the business to be considered is attached.

Yours faithfully

**Michelle Morris**  
**Depute Chief Executive/  
Director of Corporate Development**

### **Business**

- 1. Apologies for Absence  
Leisgeulan**
- 2. Declarations of Interest  
Foillseachaidhean Com-pàirt**

Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.

### **3. Internal Audit Reviews and Progress Report Ath-bhreithneachaidhean In-sgrùdaidh agus Aithisg Adhartais**

There is circulated Report No. AS/7/14 dated 10 June 2014 by the Head of Internal Audit and Risk Management which summarises the final reports issued since the date of the last meeting, together with details of work in progress and other information relevant to the operation of the Internal Audit Section as follows:-

- Corporate Development: Verification of Performance Indicators 2012/13
- Care and Learning: Payments to Nursery Providers (follow up)
- Community Services: School Transport
- Corporate Development/Care and Learning: Storage of Council Records at Highland Archive Centre
- Care and Learning: School Meals Income Collection and Monitoring Systems (follow up)
- Care and Learning/Development and Infrastructure: Inspection of Equipment in Schools
- Community Services: Outsourced Grass Cutting Contract – Monitoring and Payment Arrangements

The Committee is invited to consider the Final Reports referred to in Section 1.1 to the report and note the current work of the Internal Audit Section

### **4. Statement on Internal Control and Annual Report 2013/14 Aithris mu In-Smachd agus Aithisg Bhliadhnail 2013/14**

There is circulated Report No. AS/8/14 dated 10 June 2014 by the Head of Internal Audit and Risk Management which includes an assessment of the adequacy, reliability and effectiveness of the Council's system of internal financial control and provides information for the Council's Corporate Governance Assurance Statement. This is contained within the Statement on Internal Control. In addition, the annual report provides an overview of the Internal Audit Section's activities and performance data for 2013/14.

The Committee is invited to note the content of the attached report and the audit opinion provided, and to raise any relevant points with the Head of Internal Audit and Risk Management.

### **5. Action Tracking Report Aithisg a' Leantainn Gniomhachd**

Members are advised that the Audit and Scrutiny Committee receives regular updates to provide assurance that the agreed actions arising from audit reports have been satisfactorily implemented.

In this regard, there is circulated Report No. AS/9/14 dated 10 June 2014 by the Head of Internal Audit and Risk Management which provides information regarding the most recent action tracking undertaken since the last update provided to Committee on 20 June 2013. This update covers the period from 1 June 2013 to 31 May 2014.

The Committee is invited to note the action tracking information provided including the revised target dates for the completion of outstanding actions and the assurance provided at Section 3.1 of this report.

**6. Compliance with Public Sector Internal Audit Standards  
Gèilleadh ri Inbhean In-sgrùdaidh na Seirbheis Poblach**

There is circulated Report No. AS/10/14 dated 9 June 2014 by the Head of Internal Audit and Risk Management which refers to a review of the extent to which the Council's Internal Audit Section complies with the new Public Sector Internal Audit Standards and the steps being taken to ensure compliance.

The Committee is asked to consider the assessment, attached to the report, in terms of areas of compliance, partial compliance and non-compliance and note that:-

- i. the current areas of partial compliance or non-compliance do not impact significantly on the ability to demonstrate overall compliance with the Standards; and
- ii. an action plan will be presented to the next meeting to ensure fuller compliance with the Standards in due course.

**7. Risk Management Update and Review of Corporate Risks  
Fios às Ùr mu Rianachd Cunnairt agus Ath-sgrùdadh a thaobh Cunnartan Corporra**

There is circulated Report No. AS/11/14 dated 11 June 2014 by the Head of Internal Audit and Risk Management which provides details of the changes made to the process for the identification, management and reporting of corporate risks. In addition, details are provided of the updated corporate risk register as at May 2014 for scrutiny by Members.

The Committee is invited to note the:-

- i. new reporting format of the corporate risk register and information, provided at Appendix 1 to the report, which should ensure greater scope for Member scrutiny of the corporate risks; and
- ii. future tasks to be undertaken to continue to improve the Council's risk management process.

**8. Review of Financial Regulations  
Ath-sgrùdadh air Riaghailtean Ionmhasail**

There is circulated Report No. AS/12/14 dated 9 June 2014 by the Head of Internal Audit and Risk Management which refers to a review of the Council's Financial Regulations and outlines the key amendments made.

The Committee is invited to consider the revised Financial Regulations, attached to the report, and recommend acceptance to the Council.

**9. Standards Commission: Councillors' Code of Conduct Investigation into Complaints**  
**Coimisean nan Inbhean: Sgrùdadh Ghearainean**

There is circulated Report No. AS/13/14 dated 3 June 2014 by the Depute Chief Executive/Director of Corporate Development which provides information in relation to complaints dealt with by the Standards Commission during the period 2013/14 in relation to alleged breaches of the Councillors' Code of Conduct by Members of Highland Council and the outcome of the Standards Commission's investigations into these complaints.

The Committee is invited to note that, in respect of the complaints against Highland Council Members, concluded during 2013/14, the Standards Commission has not upheld any complaint and no Members were found to have breached the Code of Conduct.

**10. Corporate Complaints Process Report**  
**Aithisg Ghearanan Corporra**

Members are advised that the Council's Corporate Complaints Handling Process was implemented on 28 November 2012 and therefore we now have the first year of data to report to Members. The Complaints process is in line with the requirements set by the Scottish Public Services Ombudsman (SPSO).

In this connection, there is circulated Report No. AS/14/14 dated 6 June 2014 by the Head of Digital Transformation which provides an update for Members on the annual position and, as an example, a detailed analysis of the new format complaints reporting for Quarter 4 (1 January to 31 March 2014) to show the latest position, including a high level analysis of our complaint handling and how we are using this information to improve performance.

The Committee is invited to note the:-

- i. Council's Quarter 4 performance results and the improving direction of travel as indicated for April 2014; and
- ii. actions underway to ensure the complaints handling procedure is fully embedded and that complaints are dealt with within the agreed timescales.

**11. External Scrutiny: Assurance and Improvement Plan Update 2014-17**  
**Sgrùdadh bhon Taobh A-muigh: Fios as Ùr mu Bharantas agus Plana Leasachaidh 2014-17**

There is circulated Report No. AS/15/14 dated 10 June 2014 by the Chief Executive which confirms that the annual up-date of the Assurance and Improvement Plan (AIP) 2014-17 for Highland Council has been produced by Audit Scotland drawing on the assessment by four external scrutiny bodies and has shown that no additional scrutiny is required of the Council.

The Committee is invited to note the Assurance and Improvement Plan (AIP), attached at Appendix 1 to the report, which highlights that no additional scrutiny of the Council is required for 2014-17.

**Audit and Scrutiny Committee Membership**  
**Ballrachd na Comataidh Sgrùdaidh**

Mrs M Davidson	Mr K Gowans
Mr B Fernie	Mr A Henderson
Dr D Alston	Mr D Hendry
Mr R Balfour	Ms L MacDonald
Mr D Bremner	Mr D Mackay
Mrs C Caddick	Mr G MacKenzie
Mrs H Carmichael	Mr A MacKinnon
Mr A Christie	Mr B Murphy
Mr B Clark	Mr A Rhind
Dr I Cockburn	Mr G Rimell
Mr A Duffy	Mr J Rosie
Mr J Ford	Mr J Stone

**Substitute Members:**

Independent:	Mr H Fraser
Labour:	Mr N MacDonald
Liberal Democrat:	Mr T Prag
SNP:	Ms G Ross