

The Highland Council

Minutes of Meeting of the **Audit and Scrutiny Committee** held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on Wednesday 28 September 2022 at 10.30am.

Present:

Mr M Baird	Ms T Collier (substitute) (remotely)
Mr C Ballance	Ms J McEwan (remotely)
Mr B Boyd (remotely)	Mr P Oldham
Mr L Fraser	Mrs T Robertson
Mr A Jarvie	Mr K Rosie (remotely)
Mr R Jones	Mr A Sinclair (remotely)
Mr S Kennedy	

Non Members in attendance:

Mr A Christie (remotely)	Mr D Macpherson (remotely)
Mr B Lobban	Mr C Munro (remotely)

Officials in Attendance:

Ms K Lackie, Acting Depute Chief Executive and Executive Chief Officer, Performance & Governance
Mr A Gunn, Executive Chief Officer, Communities and Place
Mr E Foster, Head of Corporate Finance, Resources and Finance
Miss D Sutherland, Corporate Audit Manager, Performance & Governance Service
Mr S Fraser, Head of Corporate Governance, Performance and Governance
Ms E Barrie, Head of People, Resources and Finance
Mrs M Grigor, Finance Manager (Corporate Budgeting, Treasury & Taxation), Resources & Finance
Mr J Campbell, Senior Auditor, Performance & Governance Service
Mr P Hankinson, Senior Auditor, Performance & Governance Service
Mr M Watters, FOI and Data Protection Manager, Performance & Governance
Mrs F Malcolm, Interim Head of Integration, Adult Social Care, Health & Social Care
Ms T Urry, Head of Roads and Transport, Infrastructure, Environment & Economy
Mr T Usher, Harbours Manager, Infrastructure, Environment & Economy
Ms D Ferguson, Senior Ward Manager, Communities and Place
Mr A McCann, Economy and Regeneration Manager, Infrastructure, Environment & Economy
Ms F Cameron, Programme Manager, Infrastructure, Environment & Economy
Ms S Barrie, Programme Manager, Housing & Property
Mr B Cameron, Housing Policy & Investment Manager, Housing & Property
Ms R Mackinnon, Principal Policy Officer, Communities and Place
Mr A MacGregor, Senior Investigator, Performance & Governance
Mrs L Dunn, Principal Committee Administrator, Performance & Governance
Mr A MacInnes, Administrative Assistant, Performance & Governance

Also in attendance:

Ms J Brown, Audit Partner, Grant Thornton

**An asterisk in the margin denotes a recommendation to the Council.
All decisions with no marking in the margin are delegated to Committee.**

Mrs T Robertson in the Chair

**1. Apologies for Absence
Leisgeulan**

Apologies for absence were intimated on behalf of Mr D Fraser and Mr G Mackenzie.

**2. Declarations of Interest
Foillseachaidhean Com-pàirt**

There were no declarations of interest.

**3. Recess Powers
Cumhachdan Fosaidh**

The Committee **NOTED** that the Recess Powers granted by the Council at its meeting on 30 June 2022 had not been exercised in relation to the business of the Audit and Scrutiny Committee.

**4. External Audit Report
Aithisgean Sgrùdaidh bhon Taobh A-muigh**

The following External Audit Report had been prepared by the Council's External Auditors (Grant Thornton) and issued since the last meeting:-

- a) Annual Report 2021/22 to Elected Members and the Controller of Audit (Report No. AS/5/22);
- b) Letter of Representation (Report No. AS/6/22).

During discussion, Members raised the following main points:-

- confirmation was sought and provided that the Governance Section of the report could be expanded to provide further information on the Highland Council/NHS Highland Joint Monitoring Committee governance model;
- an explanation was sought and provided that climate change was an area of increasing focus by the Accounts Commission and Audit Scotland. External Auditors had been specifically asked to focus on the approach of local authorities to climate change in 2022/23 and it was expected the effectiveness of the Council's recently established Climate Change Committee would be reviewed as part of that focus; and
- further consideration was required in response to the External Auditor's comment that a more consistent approach be adopted to the carrying out of impact assessments across the Council. In this regard, specific reference was made to a situation where the failure to undertake a full impact assessment on a project had made engagement with the local community more difficult.

The Committee:-

- i. **NOTED** the Annual Report 2021/22 to Elected Members and the Controller of Audit (Report no. AS/5/22);

- ii. **APPROVED** the Letter of representation (Report No. AS/6/22) subject to the successful conclusion of the audit work remaining outstanding, including the deliberation of the reporting of infrastructure assets;
- iii. **NOTED** that the Governance Section could be expanded to provide further information on the Highland Council/NHS Highland Joint Monitoring Committee governance model; and
- iv. **AGREED** that further consideration was required on a more consistent approach being adopted to the carrying out of impact assessments across the Council.

5. Audited Accounts 2021/22 Cunntasan Sgrùdaichte 2021/22

There was circulated Report No AS/7/22 dated 23 September 2022 by the Head of Corporate Finance. The audited accounts had been circulated separately.

During discussion, it was confirmed that a further update would be provided to Members on trade union facility time for staff in other local authorities once more responses were received. However, based on previous information it was not considered the Council was out of sync with other local authorities on this issue.

The Committee:-

- i. **APPROVED** the Audited Accounts 2021/22 for signature subject to the successful conclusion of the audit work remaining outstanding, including the deliberation of the reporting of infrastructure assets; and
- ii. **NOTED** that a further update would be provided to Members on trade union facility time for staff in other local authorities.

6. Internal Audit Reviews and Progress Report Ath-bhreithneachaidhean In-sgrùdaidh agus Aithisg Adhartais

There had been circulated Report No. AS/8/22 dated 15 September 2022 by the Corporate Audit Manager which detailed the work undertaken by the Internal Audit Section since the last report to Committee in February, 2022 as follows:-

- Communities & Place – Review of Ward Fund Schemes (Substantial Assurance)

It was confirmed that Ward Managers worked with applicants in cases where applications were not compliant to ensure all the required information was received by which the risk and financial assessments could be undertaken. Training and guidance for officers was also being updated on this item.

- Infrastructure, Environment & Economy/Property & Housing/Resources & Finance – Review of Capital Projects (Reasonable Assurance).

In discussion, concern was expressed at the proportion of projects sampled where there had been issues with the procurement process and in relation to the specific issues which had been identified.

It was confirmed that procurement training and presentations were to be refreshed throughout relevant services. An exercise was to be undertaken to examine whether all projects above £2m had used the correct procurement route and existing arrangements would be reviewed following the findings and revised if necessary.

- Infrastructure, Environment & Economy – Harbours Fuel Sales (Reasonable Assurance)

In discussion, it was suggested there was an over reliance on officers calculating the fuel price taking account of the wholesale price and prices of competitors. There was no agreed formula for setting the fuel price and a recommendation should be added to remove some of the human element from this task. The margin per litre remained unchanged from 2017/18 and required to be reviewed given the increases in oil prices in the interim.

It was explained that a key issue for the Council was to be flexible in setting its prices and margins in common with the approach of competitors. A balance had to be achieved on the basis the risk did not relate only to the income and margins for the Council, but also the livelihoods of the harbour users and the fragile communities which benefited from the trade generated by the harbours. This was particularly relevant in the current cost of living crisis.

- Infrastructure, Environment & Economy – Highland Coastal Communities Fund (Reasonable Assurance)
- Infrastructure, Environment & Economy – Review of Covid-19 Grants (Substantial Assurance)
- Performance & Governance – Review of Local Democracy (Reasonable Assurance)

It was confirmed the motion on improving local democracy had been agreed by the full Council in December 2021. Thereafter, it was suggested that some of the former larger area committees had been less successful than the current 3 and 4 Member structures due to the amalgamation of areas. There was a need for the Council to look again at the issues around area committees.

- Performance & Governance – Effectiveness of Out of Hours Arrangements (Reasonable Assurance)

It was confirmed that in terms of the high priority action, a Tactical Group had been established.

- Transformation – The Council's Approach to Recovery (substantial Assurance)

The Committee **NOTED** the current work of the Internal Audit Section outlined at section 5 of the report and the final progress against the 2021/22 audit plan in section 6.

7. Action Tracking Report Aithisg a' Leantainn Gnìomhachd

There was circulated Report No. AS/9/22 dated 14 September 2022 by the Corporate Audit Manager.

During discussion, Members expressed concern at the number of outstanding actions and lengthy extensions to completion target dates and cases where there had been no management response to action tracking requests, and clarification was sought on the action being taken to address these issues.

It was confirmed that Members concerns would be raised with the Executive Leadership Team and the Performance Governance Board. The Board was meeting on a weekly basis and outstanding actions were discussed with lead officers. The Chief Executive or Acting Depute Chief Executive followed up on cases where there had been no management response. It was anticipated that an improved position would be reported to the next meeting.

The Committee **NOTED**:-

- i. the action tracking information provided including the revised target dates for the completion of outstanding actions; and
- ii. that Members concerns on the number of outstanding actions and extensions to completion target dates would be raised with the Executive Leadership Team and the Performance Governance Board.

8. Internal Audit Annual Report 2021/2022 Aithisg Bhliadhnaidh In-Sgrùdaidh 2021/2022

There was circulated Report No. AS/10/22 dated 14 September 2022 by the Corporate Audit Manager.

The Committee **NOTED** the content of the report and the audit opinion provided.

9. Internal Audit Plan 2022/23 Plana In-Sgrùdaidh 2022/23

There was circulated Report No. AS/11/22 dated 12 September 2022 by the Corporate Audit Manager.

The Committee **APPROVED** the Internal Audit Plan for 2022/23.

10. Review of Corporate Risks Ath-Sgrùdaidh air Cunnartan Corporra

There was circulated Report No. AS/12/22 dated 12 September 2022 by the Strategic Lead Corporate Audit and Performance.

During discussion, the following main points were raised:-

- In terms of the risk relating to care home viability, the risks for the Council related to financial and service delivery. Actions to meet target dates were ongoing and there was liaison with the Scottish Government about this work. Progress was monitored by the Joint Monitoring Committee (JMC) and progress was to be considered again by the JMC at a meeting next week.
- In relation to Action CR7 Climate Change, it was queried why there was some slippage in the target date to develop a net zero strategy. It was explained that the net zero strategy had been approved in December 2021 and therefore this action was complete. The issue was about target dates and this would be considered by the Climate Change Committee and any revisions made would be reported to this Committee. This was a challenging piece of work given there were thousands of properties to measure against. In this respect, it was requested that Action CR7 Climate Change be investigated to ascertain if ragged correctly.

The Committee:-

- i. **APPROVED** the revised Risk Management Strategy at Appendix 1 of the report;
- ii. **NOTED** the Corporate Risk Register provided at Appendix 2 to the report and the risk profile at Appendix 3 of the report; and
- iii. **AGREED** that Action CR7 Climate Change be investigated to ascertain if ragged correctly.

11. Annual Report of Scottish Public Service Ombudsman Cases determined in 2021/22
Cùisean Ombudsman Sheirbheisean Poblach na h-Alba a Fhuair leas a' Chomhairle – Aithisg às Ùr

There was circulated Report No. AS/13/22 dated 7 September 2022 by the Executive Chief Officer Performance and Governance.

The Committee **NOTED** the low numbers of complaints regarding the Council considered by the SPSO.

12. Code of Corporate Governance
Còd Riaghladh Corporra

There was circulated Report No. AS/14/22 dated 12 September 2022 by the Head of Corporate Governance.

The Committee:-

- i. **NOTED** the progress on delivering the 2021/22 Code of Corporate Governance; and
- ii. **APPROVED** the 2022/23 Code of Corporate Governance.

13. Regulation of Investigatory Powers (Scotland) Act (RIPSA)
Achd Riaghladh Chumhachdan Sgrùdaidh (Alba) (RIPSA)

There was circulated Report No. AS/15/22 dated 14 September 2022 by the Head of Corporate Governance.

The Committee **NOTED** the Council continued to be a modest user of the powers and that a further report would be forthcoming to the March 2023 meeting.

14. Commissioner for Ethical Standards in Public Life/Standards Commission: Councillors' Code of Conduct – Investigation into Complaints
Coimiseanair airson Inbhean Beusail ann am Beatha Phoblaich/Coimisean nan Inbhean: Còd Giùlain nan Comhairlichean – Sgrùdadh Ghearanan

There was circulated Report No. AS/16/22 dated 12 September 2022 by the Head of Corporate Governance.

During discussion further information was sought and provided as to whether the change in the way complaints were handled by the Commissioner was indicative of an overall shift and whether the Council would be more involved in policing conduct and behaviour.

The Committee **NOTED** that, in respect of any complaints against Highland Council Members, concluded during 2021/22, the ESC/Commission had investigated one complaint and, following investigation, decided to take no further action.

15. Review of the Internal Audit Charter **Ath-sgrùdadh dhen Chairt In-sgrùdaidh**

There was circulated Report No. AS/17/22 dated 15 August 2022 by the Corporate Audit & Performance Strategic Lead.

The Committee **APPROVED** the amendments to the Internal Audit Charter outlined in the report and contained in the revised Charter in Appendix 1 of the report.

16. Exclusion of the Public **Às-dùnadh a'Phobail**

The Committee **RESOLVED** that, under Section 50A(4) of the Local Government (Scotland) Act 1973, the public be excluded from the meeting for the following item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 6 of Part 1 of Schedule 7A of the Act.

17. Internal Audit Review and Progress Report **Ath-bhreithneachaidhean In-sgrùdaidh agus Aithisg Adhartais**

There was circulated to Members only Report No. AS/18/22 by the Corporate Audit Manager which summarised a final confidential report issued since the date of the last meeting as follows:-

- Health & Social Care – Investigation into missing monies from Residential Units, control weaknesses (Limited Assurance)

Following discussion, the Committee **NOTED**:-

- i. the final report into Health & Social Care – Investigation into missing monies from Residential Units, control weaknesses (Limited Assurance); and
- ii. that measures would be considered to reduce cash handling within all Highland Council Residential Units.

The meeting ended at 11.55 a.m.