

The Highland Council

Minutes of Meeting of the **Audit and Scrutiny Committee** held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on **Wednesday 30 November 2022 at 10.30am.**

Present:

Mr M Baird	Mr S Kennedy
Mr C Ballance	Mr G Mackenzie
Mr B Boyd (remote)	Ms J McEwan (remote)
Mr D Fraser (remote)	Mr P Oldham
Mr A Jarvie	Mrs T Robertson
Mr R Jones	Mr A Sinclair (remote)

Non Members in attendance:

Mr M Cameron (remote)	Mr D Macpherson (remote)
Mr R Gale (remote)	

Officials in Attendance:

Ms K Lackie, Acting Depute Chief Executive and Executive Chief Officer, Performance & Governance
Mr E Foster, Head of Corporate Finance, Resources & Finance
Miss D Sutherland, Strategic Lead (Corporate Audit & Performance), Performance & Governance
Ms A Clark, Head of Community Support & Engagement, Communities & Place
Ms H Kollef, Acting Corporate Performance Manager, Performance & Governance
Mr P Hankinson, Senior Auditor, Performance & Governance Service
Mrs S McKandie, Head of Revenues & Customer Services, Resources & Finance
Ms A Morrison, Customer Resolution & Improvement Manager, Communities & Place
Miss J MacLennan, Principal Committee Administrator, Performance & Governance
Mr A MacInnes, Administrative Assistant, Performance & Governance

**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

An apology for absence was intimated on behalf of Mr K Rosie.

2. Declarations of Interest Foillseachaidhean Com-pàirt

There were no declarations of interest.

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3. External Audit Reports Aithisgean Sgrùdaidh bhon Taobh A-muigh

The was circulated Report No. AS/19/22 dated 15 November 2022 by the Strategic Lead Corporate Audit & Performance.

The External Auditor had undertaken a review of IT General Controls over a number of applications to support the financial statement of the Council and the Pension Fund. In response to queries it was highlighted that the 3 applications in the scope of the audit were Capita Integra – the Council’s financial system; ResourceLink- payroll system and Altair – Pension system. The reason External Audit selected to audit these particular systems was not recorded in the report, but it was the view that they were chosen for audit as they were the most significant financial systems within the Council.

Given the Council’s increasing dependence on IT systems, Members suggested consideration should be given to auditing other IT systems in future.

In terms of the audit finding that user access within ResourceLink was not revoked for terminated employees on a timely basis, it was advised that there was an HR exit checklist to be completed by Managers when an employee left and one of the actions was to disable the employee’s access to all IT systems. A reminder would be issued to Managers to comply with the employee exit process timeously.

The Committee having scrutinised the audit findings, **NOTED:-**

- i. the positive outcome that the IT controls tested were judged to be effective and one improvement opportunity was identified and management had provided a response to address this;
- ii. consideration would be given to auditing other IT systems in future; and
- iii. a reminder would be issued to Managers to comply with the employee exit process.

4. Internal Audit Reviews and Progress Report

Ath-bhreithneachaidhean In-sgrúdaidh agus Aithisg Adhartais

There was circulated Report No. AS/20/22 dated 16 November, 2022 by the Strategic Lead Corporate Audit and Performance which detailed the work undertaken by the Internal Audit Section since the last report to Committee in September, 2022 as follows:-

- Review of COVID Welfare Support Services – Full Assurance

It was highlighted that this had been a significant audit report and significant achievement in receiving an audit opinion of full assurance and credit was extended to the Audit team for undertaking a thorough audit quickly. Tribute was also extended to the Welfare team for all their effort and hard work at short notice in what had been a remarkable period of time and the Committee’s congratulations went to all staff within the Welfare team for achieving an audit opinion of full assurance in the review of COVID Welfare Support Services.

- Payment of Member Expenses – Substantial Assurance

In relation to the audit finding that once a Member expense item had been processed for payment, it was highlighted that the reviewing Officer could no longer view that claim and others previously processed in the MyView system. Therefore, there was a small risk that an expense might be claimed more than once. It was important the system allowed for a full audit of items of expenses to be undertaken when necessary. In response, the importance of doing this was acknowledged and the Financial Systems

Team were well advanced in working with the software provider to find a solution. This action would be kept under review to ensure this issue was addressed.

The Council was looking at ways of gaining more income and if Members submitted receipts for expenses, the Council could reclaim VAT on those expenses. In this respect, a regular reminder would be sent to all Members asking them to submit receipts when submitting their expenses. Information on the process and rules for reclaiming VAT from expenses would be provided to Councillor Oldham. Continuing, it was understood that there was a certain rate that could be reclaimed from VAT on mileage expenses which varied depending on the size of engine of the vehicle and it would be checked that the correct rate was being claimed to maximise the income that could be reclaimed.

The Committee:-

- i. **NOTED** the current work of the Internal Audit Section outlined at section 5 of the report and the progress against the 2022/23 audit plan in section 6 of the report;
- ii. **AGREED** a regular reminder would be sent to all Members requesting them to submit receipts when submitting their expenses; and
- iii. **AGREED** that officers would check the correct rate was being reclaimed from VAT on mileage expenses.

5. Action Tracking Report Aithisg a' Leantainn Gníomhachd

There was circulated Report No. AS/21/22 dated 17 November 2022 by the Strategic Lead Corporate Audit and Performance.

The Committee were informed of updates to the report and, arising from this, it was requested that the online cyber security training be made available to Members. It was noted that there were revised dates for some audits and it was felt that progress should be monitored as some of the revised dates were lengthy i.e. over 2 years for the audit on Purchase to Pay. It was noted there had been resource issues in the Accounting team but there was confidence that the revised target date of March 2023 on this audit would be met. It was highlighted that the resources in the Finance team were being managed so that they could prioritise work and deliver services in the most efficient way they could under the current challenging financial climate.

A point was made that when outstanding actions from audits were significantly delayed, this might warrant a further review. This might be a result of a staff resource issue and therefore Services should work together to free up resources to make progress on these actions. The importance of scrutiny by this Committee demonstrated that there was a real requirement to make progress on outstanding audit actions. An undertaking was given to insert links to audit reports into the Action Tracker report so Members can view the audits the actions refer to.

In relation to monitoring of staff undertaking online training on Information Management, the new Traineasy system did provide an audit trail so Managers could see who had undertaken training and this would provide good information for the Corporate Plan.

The Committee:-

- ii. **NOTED** the action tracking information provided including the revised target dates for the completion of outstanding actions;

- iii. **AGREED** that access to the online cyber security training would be made available for all Members; and
- iv. **AGREED** links to audit reports would be inserted into the Action Tracker report.

6. Revisions to Internal Audit Charter Ath-sgrùdaidhean dhen Chairt In-sgrùdaidh

There was circulated Report No. AS/22/22 dated 10 November, 2022 by the Strategic Lead Corporate Audit and Performance.

The Internal Audit Charter had been updated to reflect a change in the management arrangements and that the role of the Chief Audit Executive now rested with the Strategic Lead (Corporate Audit & Performance).

The Committee **APPROVED** changes made to the Internal Audit Charter, a copy of which was provided at Appendix 1 to the report.

7. National Fraud Initiative in Scotland 2022 Iomairt Nàiseanta Foill ann an Alba 2022

There was circulated Report No. AS/23/22 dated 14 November, 2022 by the Strategic Lead Corporate Audit and Performance.

Reference was made to the blue badge parking scheme and fraud associated with the improper use of blue badges. Clarification was sought on the Council's policy and practice in enforcement of the scheme to ensure that parking bays were available to those people who genuinely needed them and the Council was receiving income from parking. An undertaking was given to share with Members the Council's policy and practice in this respect. It was known that the Council's Parking Enforcement Officers did check that blue badges being displayed in vehicles were valid and Internal Audit had received its first referral for blue badge fraud since enforcement of blue badges was transferred to the Council.

The Committee:-

- i. **NOTED** the Audit Scotland National Fraud Initiative report and the associated commentary; and
- ii. **AGREED** that the blue badge parking scheme policy and practice would be shared with Members of the Committee and it would be confirmed this was the practice to stop the improper use of blue badges or if further enforcement action was required.

8. Whistleblowing Annual Report 2021/22 Aithisg Bhladhnaill Innsireachd 2021/22

There was circulated Report No. AS/24/22 dated 16 November, 2022 by the Strategic Lead Corporate Audit and Performance.

In discussion, it was queried if the annual review of the Whistleblowing Policy included trade union consultation and if they were still in favour of the policy. It was advised that trade unions had signed off the policy when it was introduced and within the first year of implementation of the policy, trade unions were consulted and were content with the policy. Consultation on the policy was not however a regular occurrence and an undertaking was given as a matter of course to submit the annual report to the Staff

Partnership Forum Elected Member/Staff Side Group and this would include review of the policy.

In terms of raising the profile of the policy to staff, it was suggested that highlighting the policy on pages on the Council's Staff Intranet be considered. It was advised that this suggestion would be considered in the current review as the current internal Intranet was being refreshed.

The Committee **NOTED**:-

- i. the information at section 4.1 of the report including the low number of whistleblowing concerns received;
- ii. that where a whistleblowing investigation identified any control weakness, fraudulent activity or areas for improvement this would be addressed through an Internal Audit report which would be provided to Committee to scrutinise;
- iii. as part of the annual reporting of whistleblowing concerns, the report and policy would be submitted to the Staff Partnership Forum Elected Member/Staff Side Group;

and

- iv. **AGREED** that raising the profile of the whistleblowing policy on the Council's Staff Intranet would be considered.

9. Review of Corporate Risks

Ath-Sgrùdaidh air Cunnartan Corporra

There was circulated Report No. AS/25/22 dated 15 November 2022 by the Strategic Lead Corporate Audit and Performance.

In discussion, and in response to points raised by Members, it was advised as follows:-

- Risk action CR7, Climate Change and Ecological Emergency – legal and finance would be added to the risk type. The current risk rating of B2 had been agreed by the Climate Change Committee;
- in terms of the commitment made by the Council in 2019, this related to a carbon neutral Inverness and a low carbon Highlands by 2025 and not a net target. The Climate Change Committee had agreed there would be Member workshops in the New Year to consider the net zero strategy and inform what targets about net zero emissions should go forward to full Council;
- Audit Scotland had been invited to give a presentation to the Climate Change Committee on Climate Change and the activities of other Councils;
- it was understood that a Council Natural Environment & Ecological Strategy would be submitted to the Environment and Economy Strategic Committee and not full Council;
- there was a planned internal audit of climate change, the outcome which would be reported to this Committee for scrutiny;
- CR21 action risk would be removed and new risks relating to the Parliamentary Boundary Review and implementation of the Elections Act 2022, would be brought to the next meeting of the Committee;
- CR22.1 action risk, Building Access Policies – the target date was March 2018 and this would be reviewed. Site specific building access policies was an ongoing process that needed to be managed;

- CR7 action risk, Climate Change – in the mitigating actions, an action plan to develop the net zero emissions strategy would be submitted to the Committee on a quarterly basis for scrutiny. The planned internal audit on climate change would be added to the mitigating actions for this risk;
- in terms of a suggested new risk on safe guarding, it would be checked if this was included in Service risk registers and an update provided at the next meeting;
- CR10 action risk, Condition of our Roads – the current risk rating of B2 had been set by the Executive Leadership Team and was reviewed on a quarterly basis in advance of Committee given the safety concerns over the condition of roads in Highland. There were resources required to maintain roads to a suitable standard and there was an action to support lobbying activity to secure additional investment in road maintenance. An update would be requested from the Service on any issues with the supply of materials to carry out road maintenance and commentary on this would be provided in the report to the next meeting;
- CR22 action risk, Security & Resilience, Physical Assets and Infrastructure – in light of concerns that fire precautions were not in place and the lack of Responsible Premises Officers and Fire Wardens not in place in some premises, it was queried if this should be recorded as a corporate risk. It was highlighted that this was a risk, but there were actions on fire safety in place to address it. There was an Officer Group that considered risk management and there was a representative from the Occupational, Health, Safety & Wellbeing (OHSW) team on it. Any concerns that the Group had would, if necessary, be reflected in the Corporate Risk Register. It was also pointed out that this was the route which resulted in the most recent risk (CR26) being added;
- CR5.4 action risk, Local Participation – ways to improve engagement and involvement with the public would always be ongoing. Attempts to refresh the Citizens Panel had shown there were challenges in encouraging public participation which showed that previous methods were no longer effective. The Council was testing new innovative mechanisms to enable this, which would involve a mix of online and face to face engagement. It was also highlighted that there should be core standards across the Council when undertaking a consultation and the need for wider involvement of the public whose views would help inform the shape of Council Services;
- CR24 action risk, Care Home Viability – this was a significant risk for Highland and its residents and the mitigating actions were detailed in the risk register. These actions were being progressed with NHS Highland, other Partners and the Scottish Government; and
- CR8 action risk, Demographic Change – a People Strategy had been approved at full Council and this set out the approach to grow and support our own workforce. Also, the draft Corporate Plan coming to Council had an action to address depopulation which was part of addressing demographic change. Demographic change had an impact on the Council and therefore the Council required to work with Partners to address it and its impacts.

The Committee **NOTED**:-

- i. the Corporate Risk Register provided at Appendix 1 to the report and the risk profile at Appendix 2; and
- ii. the Corporate Risk Register would be reviewed in light of comments raised at the meeting and detailed above with an updated register submitted to the next meeting.

Aithisg Choileanaidh Ghearanan Bhliadhnail – 2021/22 agus Sgrùdadh Leth-bhliadhnail 2022/23

There was circulated Report No. AS/26/22 dated 21 October, 2022 by the Executive Chief Officer, Communities and Place.

The Council was required by the Scottish Public Services Ombudsman (SPSO) to publish its Corporate Complaints Performance annually and the performance was outlined in the report, along with performance against key performance indicators and performance figures for complaint handling.

The Committee:-

- i. **NOTED** the performance outlined in the Annual Complaints Report for 2021/22 at Appendix 1 of the report;
- ii. **NOTED** the performance figures for complaints for quarter's 1 and 2 detailed at section 6;
- iii. **NOTED** the work undertaken to continue to improve performance in complaints handling and that this was an ongoing improvement process; and
- iv. **AGREED** to publish the appended report on the Council's website and submit this to the SPSO.

The meeting ended at 12 noon.