

The Highland Council

Minutes of Meeting of the **Audit and Scrutiny Committee** held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on **Thursday 23 March 2023 at 10.30am.**

Present:

Mr M Baird	Mr S Kennedy
Mr C Ballance	Mr P Logue
Mr D Fraser	Mr G Mackenzie
Mr L Fraser	Mr P Oldham
Mr A Graham (substitute)	Mrs T Robertson
Mr R Jones (remote)	Mr A Sinclair (remote)

Non Members in attendance:

Dr C Birt (remote)	Mrs B Jarvie
Mr R Gale	Mr D Macpherson (remote)

Also in attendance:-

Ms E Scoburgh, Audit Scotland
Ms C Gardiner, Audit Scotland

Officials in Attendance:

Ms K Lackie, Interim Chief Executive
Ms F Duncan, Executive Chief Officer Health & Social Care
Ms A Clark, Head of Community Support & Engagement, Communities & Place
Mr S Fraser, Head of Legal & Governance, Performance & Governance
Mr B Porter, Head of Corporate Finance, Resources & Finance
Miss D Sutherland, Strategic Lead (Corporate Audit & Performance), Performance & Governance
Mr M Waters, FOI & Data Protection Manager, Performance & Governance Service
Mr J Campbell, Senior Auditor, Performance & Governance
Miss J MacLennan, Joint Democratic Services Manager, Performance & Governance
Miss R Ross, Committee Officer, 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

Apologies for absence were intimated on behalf of Mr B Boyd, Ms J McEwan and Mr K Rosie.

2. Declarations of Interest Foillseachaidhean Com-pàirt

There were no declarations of interest.

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

Prior to the start of the item, Members were given an update on the position regarding the financial accounts for 2021/22. At the September 2022 Audit and Scrutiny Committee an audit report from Grant Thornton had been considered together with the audited accounts for 2021/22, final subject to some ongoing work by external audit in relation to infrastructure assets. This work was still ongoing but it was expected to be concluded shortly. Audit and Scrutiny Members would be kept up to date as to progress.

There was circulated a report from the Council's External Auditors (Audit Scotland).

- Annual Audit Plan 2022/23

In addition, as there had been a change in the Council's External Auditors, Audit Scotland provided a short introduction setting out their remit to the Committee. It was explained that Audit Scotland had been appointed as the external auditor for Highland Council for the period 2022/23 to 2026/27 inclusive and a brief biography of the team was provided. Members were taken through the responsibilities of the auditor and of Highland Council itself, the Financial Statements, wider scope and best value and the reporting arrangements, timetable and audit fee.

During discussion the following comments were made:-

- there had been some high profile cases in relation to cyber security and there were possibly lessons to be learnt when looking at the Council's own arrangements;
- as well cyber security, part of Audit Scotland's wider focus was also climate change and it was questioned if this was specific to Highland or was pan Scotland. In response it was confirmed that Audit Scotland had been asked to do this in all their public sector audits so a more accurate picture could be gleaned about performance;
- additional Audit Scotland resources would be used outwith the audit team outlined in the report and an idea was sought, and provided, as to what level this would be;
- the property, plant and equipment held by Highland Council was significant and it was questioned how Audit Scotland proposed to focus on this. This was also part of the 2021/22 audit and the outcome of that would be taken into account but a Risk Based approach would be taken in 2022/23;
- it was suggested that a separate materiality level should be adopted for the Housing Revenue Account given that it was ringfenced and financially separate from the rest of the Council's funding;
- disappointment was expressed at the increase of 12.6% for the audit fee in the current climate whilst the Highland Council's funding was effectively frozen and justification was sought, and provided, for that increase; and
- reference was made to the thematic review across the sector on the effectiveness of council leadership in developing new local strategic priorities in 2022/23. Councillor A Graham volunteered to be part of this but it was questioned why this has been narrowed down simply to local strategic priorities. It was hoped other Councillors would be involved as would service users.

The Committee otherwise **NOTED** the terms of the report.

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

There was circulated Report No. AS/1/23 dated 10 March 2023 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:-

- Infrastructure, Environment & Economy – Visitor Management Plan Resources – Reasonable Assurance
- Communities and Place – Review of Customer Services – Reasonable Assurance

The Committee **NOTED**:-

- i. 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; and
- ii. the reasons for the delay in producing the 2023/24 audit plan and that this would come to the June Committee for approval.

5. Updated CIPFA guidance on Audit Committees Stiùireadh Ùraichte CIPFA mu Chomataidhean Sgrùdaidh

There was circulated Report No. AS/2/23 dated 10 March 2023 by the Strategic Lead (Corporate Audit & Performance).

During the discussion the following main points were raised:-

- the CIPFA recommendation for co-opted Committee Members was noted and clarification was sought regarding whether these would be remunerated. In response it was confirmed that the guidance did make reference to remuneration and so this was a matter that needed to be investigated further;
- it was clarified that whilst current Committee Members were appointed on political balance and not for their expertise, they were expected to have the appropriate knowledge and skills and it is the job of Officers to ensure that they received adequate training in this; and
- the CIPFA recommendation for co-opted members to the Committee was welcomed and it was suggested that this should be progressed quickly.

The Committee:-

- i. **NOTED** the changes arising from the new guidance and position statement and in particular:
 - the recommendation that the Committee contained at least two co-opted independent members to provide appropriate technical expertise;
 - the requirement for the Committee to report annually on how it had complied with the position statement, discharged its responsibilities and included an assessment of its performance; and
 - the need to review the Committee terms of reference to comply with the new CIPFA position statement. Any proposed changes to the Committee remit would need to be reflected in the Scheme of Delegation and approved by Council.
- ii. **NOTED** that further work would be undertaken to implement the new guidance and Committee would be updated accordingly;

- iii. **AGREED** that the new annual reporting requirements would be applied for the financial year 2023/24 with the intent that the Committee's annual report would be presented for approval in June 2024 and thereafter published on the Council's website; and
- iv. **AGREED** a Members' workshop be held on the proposals and to identify potential skill gaps.

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

There was circulated Report No. AS/3/23 dated 17 February 2023 by the Strategic Lead Corporate Audit and Performance.

During the discussion the following main points were raised:-

- it was noted that the reporting period was for the period up to Quarter 3 which was to the end of December 2022;
- Risk action 10.2, Innovation and Partnership working – the target date was ongoing as the Highland Council was a member of the Northern Roads Collaboration Group but this Group had not met since March 2022. Also, information was sought, and provided, as to why the Risk Rating was identified as B2 whilst the RAG rating was green;
- updates were sought on whether the mitigating actions for CR2.14 and CR17.1, the target dates for which had been amended to April 2023 and February 2023 respectively, had been met;
- it was understood from discussion which had taken place at the Central Safety Committee that a decision had been made to continue with the current Occupational Health provider, Risk CR29 referred, in the short term;
- it was suggested that it would be more prudent in relation to risk action 1.2 (Multi-year budgets) to set a target date given the risk rating had been elevated to A1 and RAG'd as red;
- it was suggested that, in relation to CR5 (Effective Governance in Local Decision Making), the Risk Rating should be higher as the public perception of local decision making was quite low, particularly with fewer area offices. Information was sought, and provided, as to how it was proposed to enable communities to engage and participate at a local level;
- Risk CR27, Election Act 2022 – it was acknowledged that the current election resources were already stretched but the Section 30 decision in the Supreme Court on Scottish Referenda had reduced the likelihood of a pending Scottish Independence Referendum. However, consideration needed to be given to the possibility of both early Westminster and Scottish Parliament elections. Turning to the need for Photographical Identification, there were fears that this would disenfranchise various groups of electors;
- Risk CR7, Climate Change and the Ecological Emergency – legal needed to be added to the risk type. In addition, it was questioned why the target date for net zero carbon emissions and the mitigation of potential increases in both use and cost of energy had been set as March 2023 when it should be ongoing. In response, it was pointed out that the Climate Change Committee had met recently and had looked at target dates and the risks would be updated accordingly;
- Risk CR9, Safe and Effective Property – Members were aware that staff were about to be relocated to Headquarters from Inverness Town House but there were reports of heating problems which might need to be addressed as part of the project;

- Risk CR24, Care Home Viability – it was questioned what action was being taken to address the shortage of staff; and
- with relation to CR11 (Residual Waste Project) good progress had been made and staff were to be commended for this.

The Committee **NOTED** the Corporate Risk Register provided at Appendix 1 to the report and the risk profile at Appendix 2.

7. Scottish Public Services Ombudsman Cases Upheld Cùisean Ombudsman Seirbheisean Poblach na h-Alba gan Cumail Suas

There was circulated Report No. AS/4/23 dated 8 March 2023 by the Interim Chief Executive.

Disappointment was expressed that, whilst the Public Sector Ombudsman summary had been circulated as part of the papers, the full decision notice had not been included along with a briefing note. It was important lessons were learnt and it was surprising that the local Community Council and the press had a copy of the decision notice but not Members. Furthermore, it was felt that Local Members had not had the opportunity to consider the original application for Scottish Government Town Centre funding until the project itself had reached the planning stage. In response, Members were assured that proper process had been followed throughout but what the Ombudsman had found issue with was the lack of evidence to demonstrate to the public that decisions were being taken in the appropriate place. The allocation of this particular round of funding had necessitated a speeding up of the process if it was not to be lost and was the reason why a working group had been established by the Economy and Infrastructure Committee. In relation to the full decision notice it was explained that the inclusion of the summary decision notice for Audit and Scrutiny was consistent with the notification previous SPSO decisions to the Committee. It was also noted that the full decision was a public document and would be made available to Members (*later in the meeting this was clarified whereby the decision notice, whilst not restricted, was not publicly available*).

The Committee **NOTED** that the Scottish Public Sector Ombudsman's recommendations had been carried out.

8. Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) Achd Riaghladh Chumhachdan Sgrùdaidh (Alba) 2000 (RIPSA)

The Council had made three applications for authorisation in terms of the Regulation of Investigatory Powers (Scotland) Act 2000 in the six months since September 2022. The applications involved two for directed surveillance and one renewal for use a covert human intelligence source (CHIS).

The Committee **NOTED** the number of applications and that the Council continues to be a modest user of the powers. A further report would be forthcoming to the September 2023 meeting.

9. 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.

10. Internal Audit Review and Progress Report

Ath-bhreithneachaidhean In-sgrùdaidh agus Aithisg Adhartais

There was circulated to Members only Report No. AS/5/22 by the Strategic Lead (Corporate Audit & Performance) summarising a final confidential report issued since the date of the last meeting as follows:-

- Health & Social Care Residential Units Investigation

The Committee **NOTED** the Final Report as detailed.

The meeting ended at 12 noon.