

The Highland Council

Minutes of Meeting of the **Audit and Scrutiny Committee** held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on Thursday 28 September 2023 at 10.30 am.

Present:

Mr M Baird	Mr P Logue
Mr C Ballance (Remote)	Mr G Mackenzie
Mr B Boyd (Remote)	Ms J McEwan
Mr D Fraser (Remote)	Mr P Oldham
Mr L Fraser	Mrs T Robertson
Mr R Jones	Mr K Rosie (Remote)
Mr S Kennedy (Remote)	

Non-Members also present:

Mr D Macpherson (Remote)
Mr R Gale (Remote)

Officials in attendance:

Ms K Lackie, Depute Chief Executive
Mr P Nevin, Interim Executive Chief Officer, Performance and Governance
Miss D Sutherland, Strategic Lead (Corporate Audit and Performance), Performance and Governance
Mr S Fraser, Head of Legal and Governance, Performance and Governance
Mr B Porter, Head of Corporate Finance, Resources and Finance
Mr J Shepherd, Head of ICT and Digital Transformation, Performance and Governance
Ms T Urry, Head of Roads and Infrastructure, Infrastructure Environment and Economy
Mr J Thurlbeck, Corporate Audit Manager, Corporate Audit and Performance
Mr J Campbell, Senior Auditor, Performance and Governance
Mr P Hankinson, Senior Auditor, Performance and Governance
Mr M Bailey, Programme Manager, Performance and Improvement
Ms C Moir, Service Finance Manager, Resources and Finance
Mr N Osborne, Climate Change Manager, Performance and Governance
Mr I Swayne, Business Support Operations Manager, Performance and Governance
Mr M Watters, Corporate Performance and Information Governance Manager, Performance and Governance Service
Miss J Maclennan, Joint Democratic Services Manager, Performance and Governance
Miss R Ross, Committee Officer, Performance and Governance
Mrs G MacPherson, Committee Officer, Performance and Governance

Also in attendance:-

Ms E Scoburgh, Audit Scotland

**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 Sinclair.

2. Declarations of Interest/Transparency Statement Foillseachaidhean Com-pàirt/Aithris Fhollaiseachd

There were no declarations of interest/transparency statements.

3. Recess Powers Cumhachdan Fosaidh

The Committee **NOTED** that the Recess Powers granted by the Council at its meeting on 29 June 2023 had not been exercised in relation to the business of the Audit and Scrutiny Committee.

4. Internal Audit Reviews and Progress Report 2/6/2023 - 8/9/2023 Ath-sgrùdaidhean In-sgrùdaidh agus Aithisg Adhartais 2/6/2023 - 8/9/2023

There had been circulated Report No. AS/12/23 dated 18 September 2023 by the Strategic Lead (Corporate Audit & Performance).

The update included copies of the following final reports issued:-

- a) Infrastructure and Environment – Winter Maintenance Payments (Substantial Assurance)

It was commented that, to ensure good internal control, timesheets should have a declaration that the information recorded by the employee was accurate. This would then be counter-signed by their line manager before being passed to the Finance Service.

Concern was also raised regarding eight unverified timesheets and it was confirmed that this was due to the original staffing rota having been amended meaning there was no comparison available at that point to the original rota. A recommendation had been made to avoid this in future.

- b) Resources and Finance – Control and usage of imprests (Reasonable Assurance)

Information was sought, and provided, regarding the continued use of imprests, the general need for cash, the regularity of financial audit and the appropriate segregation of duties.

- c) Resources and Finance – Procurement Fraud Controls (Substantial Assurance)

Disappointment was expressed that 80% of the sample purchases had not been recorded in the Council's current contracts register and three purchases had not observed Contract Standing Orders and it was contended these represented a high risk. Furthermore, in regard to procurement, whilst acknowledging that there were a number of contractors registered with the Council, others should also be considered to ensure Best Value for money.

- d) Deputy Chief Executive's – Transformation Programme (Substantial Assurance)

A request was made for clearer timelines to be included instead of “on-going” and, where interim target dates were not met, extensions then added. This would allow better monitoring of progress.

- e) Deputy Chief Executive’s – Inverness and Highland City Region Deal - (Substantial Assurance); and
- f) Deputy Chief Executive’s – Climate Change Plans and Implementation (Limited Assurance).

During discussion, the following issues were raised:-

- disappointment was expressed at the audit’s findings as Climate Change was a Council priority. There was little evidence of any implementation and the Zero Action Plan remained outstanding due to the lack of staff resources. This absence of action conflicted with the declaration of a Climate Change Emergency agreed by the Council in 2019;
- a revised target date for a Net Zero Strategy was now 2045, as opposed to that of Glasgow and Edinburgh Councils which had target dates of 2030 but who had not the benefit of the Highland’s natural resources. The Highland Council’s target date was therefore weak;
- there was a clear need to set some interim targets and it was queried what the plans were for setting and auditing these targets going forward;
- the need to have a clear link between the Net Zero Strategy and Service Plans had been highlighted but it was questioned if Service Plans and the Capital Programme would also be included in next year’s audit;
- a fully costed Action Plan was due for consideration by Highland Council in December 2023 but there were indications that this was now being delayed and would not be ready until March 2024;
- the audit had also placed a High Priority on the development of an adaptation strategy but there was no Adaptation Officer in place; and
- it was essential that all net zero targets were in place by early 2024.

The Committee **NOTED**:-

- i. the Final Reports referred to in Section 4.1 of the report;
- ii. the current work of the Internal Audit Section outlined at sections 5 and 6;
- iii. the status of work in progress detailed at Appendix 1 of the report;

and **AGREED**:-

- iv. in relation to the Audit of Climate Change Plans and Implementation, a six month progress report be brought back to Committee. to ensure progress was being made.

5. Internal Audit Plan 2023/24 Plana In-Sgrùdaidh 2023/24

There had been circulated Report No. AS/13/23 dated 16 September 2023 by the Strategic Lead (Corporate Audit & Performance).

The Committee **APPROVED** the 2023/24 Internal Audit Plan as detailed in Appendix 1 of the report.

6. CIPFA Audit Committee Guidance Stiùireadh Comataidh Sgrùdaidh CIPFA

There had been circulated Report No. AS/14/23 dated 16 September 2023 by the Strategic Lead (Corporate Audit & Performance). Members' attention was drawn to Page 64/65, Appendix 2 of the report and the Good Practise Questions in relation to Membership and Support. It was explained that the Action Required marked against the bullet points should actually both be marked against the following question.

During discussion, the following issues were raised:-

- an idea of timescales for the recruitment of co-opted members, should this be agreed, was sought;
- it was felt that the response to the question "if the Committee made recommendations for the improvement of governance, risk and control arrangements" suggested that Highland Council did not comply;
- additional comment was sought that there was no further improvement required regarding the Committee's recommendations having traction with those in leadership roles and perhaps this should be re-scored;
- clarification was sought as to what the Committee's scrutiny role was and, if it was removed from the Committee's remit, who would then be responsible for it;
- the Action Plan would assist the Committee in achieving its aims but it was important for Members to take up every opportunity for further training; and
- the team were commended for the high level of compliance demonstrated in the report.

The Committee:-

- i. **NOTED** the knowledge and skills framework set out in Appendix 1 of the report and that additional training would be arranged for Committee Members to address the core areas of knowledge required;
- ii. reviewed the self-assessment outlined at Appendix 2 of the report and **AGREED** the further actions required; and
- iii. **AGREED** the changes at Appendix 3 of the report regarding the Committee's Terms of Reference and that these would be incorporated as part of the annual review of the Scheme of Delegation.

7. Review of Corporate Risks Ath-Sgrùdadh air Cunnartan Corporra

There had been circulated Report No. AS/15/23 dated 14 September 2023 by the Strategic Lead (Corporate Audit & Performance).

A correction to mitigating action CR7.4 was announced as, although the net zero strategy itself was complete, the action plan was not. Members were informed that mitigating action CR7.4 would remain on the risk register with a revised target date of December 2023.

During discussion, the following issues were raised:-

- concerns were expressed in relation to Risk CR22.1, Building Access Policies, that the target date was March 2018, and that the RAG rating be revisited;

- information was sought, and provided, regarding the delay of Risk CR32, Delivery of new Enterprise Resource Planning system, namely TechOne, being added to the register considering the risk of business change;
- concern was expressed in relation to three amber-rated mitigating actions in Risk CR32;
- information was sought, and provided, regarding the point upon which the rating of Risk CR7, Climate Change and the Ecological Emergency, would increase from B2 to A2;
- in relation to Risk CR9, Safe and Effective Property, it was commented that Reinforced Autoclaved Aerated Concrete (RAAC) and High Alumina Cement (HAC) were not reflected upon in the mitigating actions. However, it was confirmed that RAAC and HAC formed part of the forward planning of CR9, as referred to in section 5 of the report;
- information was sought, and provided, regarding Risk CR25, Capital Programme Affordability and Deliverability, in terms of the affordability of Council assets, namely schools, being fit for purpose, given that the current risk rating was the highest possible at A1; and
- in relation to Risk CR31, Vacancies in Children's Services, concern was raised regarding the success rate of the recruitment strategy when vacancy rates ranged from 14% to 77%, and it was suggested the strategy needed to be revisited. Members were informed that statistics had improved and were invited to contact the ECO for Health and Social Care for current statistics.

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

8. Code of Corporate Governance Còd Riaghlaidh Chorporra

There had been circulated Report No. AS/16/23 dated 15 September 2023 by the Head of Legal and Governance.

During discussion, the following issues were raised:-

- it was expressed that the guidance for report writing in terms of Equality, Gaelic, Rural/Island and Poverty impact assessments appeared a tick box exercise and it was confirmed that a consolidated impact assessment approach was currently being developed and would be submitted for Council approval; and
- information was sought, and provided, regarding ward managers as responsible officers for engagement with the Highland Community Planning Partnership and it was confirmed that responsible officers would be updated on reflection.

The Committee:-

- NOTED** the progress on delivering the 2022/23 Code of Corporate Governance; and
- APPROVED** the 2023/24 Code of Corporate Governance.

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

There has been circulated Report No. AS/17/23 dated 15 September 2023 by the Head of Legal and Governance.

The Committee **NOTED**:-

- i. the Council continued to be a modest user of the powers and that a further report would be forthcoming to the March 2024 meeting; and
- ii. the outcome of the Investigatory Powers Commissioner's Office.

**10. 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 had been circulated Report No. AS/18/23 dated 15 September 2023 by the Head of Legal and Governance.

The Committee **NOTED**:-

- i. the ESC had investigated one complaint and, following investigation, the Standards Commission had decided to take no further action; and
- ii. following investigation by the ESC the Standards Commission had decided to hold a hearing in respect of Councillor Hugh Morrison and on conclusion of the hearing found that he had not been in breach of the Code of Conduct.

**11. Annual Report of Scottish Public Service Ombudsman Cases determined in
2022/2023
Aithisg Bhliadhnail Chùisean Ombudsman Seirbheisean Poblach na h-Alba air
an dearbhadh ann an 2022/2023**

There had been circulated Report No. AS/19/23 dated 14 September 2023 by the Executive Chief Officer Performance and Governance.

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

The meeting ended at 11:40 am.