

## **The Highland Council**

Minutes of Meeting of the **Audit Committee** held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on Thursday, 21 March 2024 at 10.30am.

### **Present:**

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

### **Non-Members also present:**

Mr R Gale	Mrs A MacLean (remote)
Mr J Grafton	Mrs M Paterson

### **Officials in Attendance:**

Mr P Nevin, Interim Executive Chief Officer, Performance and Governance  
Mr S Fraser, Head of Legal and Governance, Performance and Governance  
Mr B Porter, Head of Corporate Finance, Resources and Finance  
Miss D Sutherland, Strategic Lead (Corporate Audit and Performance), Performance and Governance  
Mr M Watters, Corporate Performance and Information Governance Manager, Performance and Governance Service  
Mr J Thurlbeck, Corporate Audit Manager, Performance and Governance  
Mr P Hankinson, Senior Auditor, Internal Audit, Performance and Governance  
Mr J MacDonald, Senior Auditor, Corporate Audit and Performance  
Ms A MacPherson, Interim Head of Service Resources, Education and Learning  
Ms C Maxwell, Service Finance Manager, Corporate Finance, Resources and Finance  
Ms M Mackenzie, Strategic Commercial Manager, Commercial and Procurement Shared Services  
Mr F MacDonald, Head of Property and Facilities Management, Property and Housing  
Miss J MacLennan, Joint Democratic Services Manager, Performance and Governance  
Mrs G MacPherson, Committee Officer, Performance and Governance

### **Also in attendance:**

Ms E Scoburgh, Audit Scotland  
Ms C Gardiner, Audit Scotland  
Ms J McBride, 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**

Apologies for absence were intimated on behalf of Ms J McEwan and Mr A Sinclair.

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

There were no declarations of interest or transparency statements.

## **3. External Audit – Highland Council Annual Audit Plan 2023/24 Sgrùdadh on Taobh a-muigh – Plana Sgrùdadh Bliadhnail Chomhairle na Gàidhealtachd 2023/24**

There had been circulated Report No. AC/07/24 by the Council's External Auditors (Audit Scotland) which contained their 2023/24 Annual Audit Plan, setting out their planned work to be undertaken for the 2023/24 Audit.

During discussion, it was asked of Audit Scotland how confident they were in getting Audits back on schedule, given this would be the second year the reporting of the Audit would be late. In addition, information was sought, and provided, regarding financial sustainability in the longer term (longer than 5 years) in terms of Council assets, loans and the deterioration of housing assets and schools over time. In terms of the wider scope of auditing statutory requirements, it was also queried if there were plans to audit the Council's progress towards the statutory targets on Net Zero, and it was confirmed that it did form part of the 5 year plan.

The Committee:-

- i. **APPROVED** the 2023/24 Annual Audit Plan; and
- ii. **NOTED** the Local Government in Scotland: Financial Bulletin 2022/23

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

There had been circulated Report No. AC/08/24 by the Strategic Lead (Corporate Audit and Performance). This included copies of the following final reports issued:-

- Education and Learning – ICT Arrangements in Schools (Substantial Assurance)
- Education and Learning – Review of Financial Procedures in Schools (Reasonable Assurance)
- Communities and Place – Waste Management Income (Substantial Assurance)
- Performance and Governance – Verification of Statutory Performance Indicators (Substantial Assurance)
- Housing and Property – Corporate Landlord (Limited Assurance)

Regarding the **Review of Financial Procedures in Schools**, Members were deeply concerned that it was the fourth occasion that the Internal Audit had reported similar findings, despite recommendations having been made previously. Members asked for an explanation as to why this had not been addressed, as well as how the audit team planned to progress it, and emphasised the importance for recommendations to be addressed with urgency. Further, the following points were raised:-

- it was asked, should future audits report the same concerns, with no action having been taken, what sanctions would be appropriate;
- there was concern that the recommendations were not trickling down from area management and a more direct approach was suggested, such as raising it as an agenda item at the next available in-service training day at schools to make sure that the information reached the staff directly involved;
- in terms of staffing, it was asked if it was appropriate to raise with the Education Committee concern regarding workload of both school office staff and Head Teachers, and their availability to do auditing and accounts, and the pressure applied to Head Teachers. It was felt that morale was low, evidenced by resignations and early retirements, and it was stated that support should be provided to Head Teachers so they could comply with these actions;
- the Strategic Lead (Corporate Audit and Performance) confirmed an update would be provided to Committee as matters progressed. Officers also planned to liaise directly with Head Teachers with the purpose of embedding training so that staff understood what was required of them;
- it was acknowledged that it would be challenging but it might have been less challenging had actions been taken sooner. Members looked forward to an update in September; and
- an explanation was provided by the Interim Head of Service Resources, Education and Learning, which included the plan to clarify roles and responsibilities in terms of finance with all Head Teacher Groups and to reinforce the importance of timeous completion of financial returns and inventories.

Regarding the **Waste Management Income** report, the Waste Management Team were congratulated on the results of their audit report, with only 2 minor suggestions. It was queried if the Team were aware of any businesses disposing of commercial waste via personal waste, to avoid uplift charges. In response, it was agreed that a reply on this matter would be sent to the relevant Member by the Service.

Regarding the **Corporate Landlord Model** report, the following comments were raised:-

- it might take 8 years for all assets to be fully surveyed. Members were concerned for a number of reasons, including the resources and maintenance involved, and it was suggested that Housing and Property consider the disposal of some vacant premises to allow concentration on assets in constant use, such as schools and depots;
- there was concern regarding the condition of the Highland estate and that some buildings were not adequately maintained. This could lead to a risk of somebody getting hurt and if the Council's insurance premiums might then be affected;
- despite the Council having taken the decision to adopt the Corporate Landlord Model, it was felt that insufficient progress had been made. Members looked forward to hearing that targets were met soon;
- it was asked, given the huge changes that were likely to be taking place, if the Audit Team would consider re-auditing in 2025/26, and it was confirmed that would be the case;
- reporting to Housing and Property Committee had been reinstated and it was confirmed that a report would be presented to Full Council in May which would

set out what Housing and Property would be doing in regards to remaining assets when they migrated to a Single Property Service: and

- an explanation was provided by the Head of Property and Facilities Management, which included reducing the number of assets, investment programmes, and taking corrective action to ensure the safety of the users and occupiers.

The Committee:-

- i. **NOTED** the Final Reports referred to in Section 4.1 of the report;
- ii. **APPROVED** the deletion of the Community Regeneration and Gaelic Language Plan audits from the audit plan as set out in section 5.2 of the report; and
- iii. **NOTED** the current work of the Internal Audit Section outlined at sections 5 and 6, and the status of work in progress detailed at Appendix 1.

## 5. Action Tracking Update Cunntas às Ùr mu Thracadh Ghníomhan

There had been circulated Report No. AC/09/24 by the Strategic Lead (Corporate Audit and Performance).

During discussion, the following points were raised:-

- the amendment to the tracking process was welcomed and Members hoped that Services would take the actions on board and achieve set target dates;
- it was asked if the original action date could also be included on the tracker, to gauge any degree of slippage; and
- in regards to section 5.2(i) of the report, Governance of Arms-Length External Organisations and Partnerships, there was concern with the statement 'if this can be accommodated within the agenda'. It was of utmost importance that this was actioned timeously, and it was asked that the relevant Chair took this on board when agreeing to the agenda.

The Committee:-

- i. **NOTED** the action tracking information provided, which included the revised target dates for the completion of outstanding actions; and
- ii. **AGREED** to include the original action date on future tracking updates.

## 6. Risk Management Cunntas às Ùr mu Stiùireadh Cunnairt

The Committee **NOTED** that no Corporate Risk Register report had been presented to this meeting of the Committee.

Members were reminded that the updated Risk Policy had been presented to Committee on 24 January 2024 and then presented to Council on 14 March for agreement. The Policy had been agreed and the existing Corporate Risks and Service Risks would now be analysed using the new process, with a view to presenting a new Corporate Risk Register to this Committee on 13 June 2024.

## 7. PSIF Reviews Ath-sgrùdaidhean PSIF

There had been circulated Report No. AC/10/24 by the Interim Executive Chief Officer, Performance and Governance.

The Committee **NOTED**:-

- i. the self-assessment which was taking place using the Public Service Improvement Framework ; and
- ii. the next steps set out in section 6 of the report.

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

There had been circulated Report No. AC/11/24 by the Chief Executive.

The Committee **NOTED**:-

- i. the outcome of the upheld case; and
- ii. that the SPSO's recommendations had been carried out.

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

There had been circulated Report No. AC/12/24 by the Head of Legal and Governance.

In response to questions, the Head of Legal and Governance explained that RIPSA was used following a test purchase or acting on intelligence, to undertake further directed activity and surveillance in respect of a particular retailer. The sale of disposable vapes to young people was a concern and there had been an increase in the use of authority in terms of directed surveillance, and a number of businesses remained of particular concern to Trading Standards.

It was also explained that Covert Human Intelligence Source (CHIS) allowed officers to use identities to undertake online test purchases of suspected counterfeit and illegal goods.

The Committee **NOTED** the Council continued to make appropriate use of the powers and that a further report would be forthcoming to the September 2024 meeting.

The meeting ended at 11:15 am.