

The Highland Council

Minutes of Meeting of the **Audit Committee** held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on Thursday, 13 June 2024 at 10.30am.

Present:

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

Non-Members also present:

Mr R Gale (remote)	Mr P Logue
Mr K Gowans	Mr C Munro (remote)

Officials in Attendance:

Mr A Gunn, Assistant Chief Executive – Corporate
Mr M Macleod, Assistant Chief Executive – Place
Mr P Nevin, Interim Executive Chief Officer, Performance and Governance
Mr B Porter, Head of Corporate Finance, Resources and Finance
Miss D Sutherland, Strategic Lead (Corporate Audit and Performance)
Mr M Watters, Corporate Performance and Information Governance Manager
Mr J Thurlbeck, Corporate Audit Manager, Performance and Governance
Mr P Hankinson, Senior Auditor, Internal Audit, Performance and Governance
Mr J Campbell, Senior Auditor, Internal Audit, Performance and Governance
Ms E Barrie, Head of People, Resources and Finance
Ms S McKandie, Head of Revenues and Customer Services
Ms A Mackenzie, Interim Pay and HR Transaction Manager
Mr T Murdison, Service Lead – Corporate Property
Mr R Pope, Policy and Programmes Manager, Planning, Infrastructure, Environment and Economy
Mr A MacDonald, Project Manager, Planning, Infrastructure, Environment and Economy
Mrs M McIntyre, Head of Children and Justice Social Work Services
Miss J MacLennan, Joint Democratic Services Manager, Performance and Governance
Mrs G MacPherson, Committee Officer, Performance and Governance

Also in attendance:

Ms C Gardiner, 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 Mr L Fraser and Mr A Sinclair.

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

The Committee **NOTED** the following Declaration of Interest:-

Item 8: Mrs J McEwan

There were no transparency statements.

3. Internal Audit Reviews and Progress Report Ath-sgrùdaidhean In-sgrùdaidh agus Aithisg Adhartais

There had been circulated Report No. AS/13/24 by the Strategic Lead (Corporate Audit and Performance).

During discussion, the following points were raised:-

In-house bus income systems

- the Chair congratulated the team for having the in-house bus operation up and running so quickly;
- the favourable time of the audit allowed for any improvements to be made before processes became too inset, and it was felt that the audit highlighted and addressed Members' concerns;
- it was evident that any required actions were in place and it was hoped that the necessary amendments would be made. It was stated that the operation should be considered a business and officers should remain business-minded;
- it was important to monitor and record any income/expenditure, and it was suggested that cash reconciliation be carried out daily to avoid any discrepancies;
- it was disappointing that first year running costs were not available, however, it was acknowledged that they would be available in the future;
- Members felt the report's conclusion was very fair and staff were applauded for completing two of the actions before the target date. Members looked forward to the continued success and it was hoped that the bus network might extend into Badenoch and Strathspey in the near future;
- bus drivers were not immediately alerted to declined customer payments but it was explained that not all payments were processed at the time of boarding the bus due to lack of wifi signal in some areas. It was explained that any repeat offenders would be flagged;
- it was stated that the report needed to be looked at in context, having started as a pilot project to becoming a serviceable bus company in a very short period of time. It had been a huge success thanks to the team that ran the bus company, and it was said that this was a good news story. Any issue outlined in the report could and would be addressed; and
- thanks were afforded to those behind the bus service as the Council would continue to accrue cost savings.

Cessation of Utilities

- it was concerning that the Council continued to pay utilities at estimated rates in the case of unoccupied buildings, where meter readings could not be provided, and it was asked if the target date of 30 November 2025 could be brought forward; and
- it was asked if the team held a list of places where smart meters didn't work. It was confirmed that smart meters were not installed where they did not work.

Review of Payroll Control Environment

- in terms of the overpayments totalling £863,000, it was confirmed that they related to 2022/23 and the Committee was assured that outstanding overpayments were being pursued;
- clarification was sought, and provided, regarding the budget holder and manager training and it was asked that a record of attendees was kept to ensure that any staff who missed the training would be given the opportunity to take part;
- in terms of irrecoverable debts, it was clarified that the date of 1 June 2024 was to invoke the current policy for write offs;
- concern was expressed in relation to mistakes having occurred due to human error and, in response to a question, it was confirmed that the Service had a full complement of staff. Further, it was explained that manual processing was required where finances related to previous financial years;
- information was sought, and provided, regarding the Service-led process for managers informing HR and Payroll when an employee left the Council;
- in response to a question regarding how many cost centres Payroll used, it was confirmed that the Head of Corporate Finance would provide this information to Members outside of this meeting;
- in relation to the overpayments, it was confirmed that an update would be provided in the 6-monthly report to this Committee;
- it was presumed that the main reason for writing off overpayments would be that the employee was no longer with the Council, making it more challenging;
- it was confirmed that the £863,000 was a gross figure and any writing off of debts would be taken to the Corporate Resources Committee for further scrutiny and governance; and
- Members looked forward to the progress reports and the update at the next Committee.

Cheque Control

- in response to a question, Members were informed that cheques were no longer issued to staff and that all staff were paid by BACS;
- regarding uncashed and cancelled cheques, it was stated that there was a need to review and tighten up the process of cheque cancellation and it was confirmed this was in hand; and
- it was asked if winter payments could be paid into council tax accounts, thereby eliminating the use of cheques and it was confirmed that upcoming winter payments would be paid by BACS. If no bank details could be provided, funds would be transferred via the council tax account.

The Committee **NOTED**:-

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

4. Action Tracking update Cunntas às Ùr mu Thracadh Ghnìomhan

There had been circulated Report No. AS/14/24 by the Strategic Lead (Corporate Audit and Performance).

During discussion, the following issues were raised:-

- there were a number of actions which were years past their action dates and it was important to impress upon the Services involved that this was unacceptable;
- it was intended to centralise policies and procedures through the Residential Care SharePoint site and it was hoped the revised target date of 30 May 2024 had been achieved;
- similarly, it was hoped the Procurement Manual would be completed and published on the Internet by 30 June 2024 and that the Health and Social Care Service had been able to close those imprests rarely used, or were no longer needed, by 30 April 2024; and
- in relation to Climate Change Plans and Implementation, four high priorities had been identified but only one had been carried out. These remaining priorities had been put back a year, in part due to the development of budgets, and it was hoped these new targets would be met.

The Committee, having scrutinised, otherwise **NOTED** the action tracking information provided, including the revised target dates for the completion of outstanding actions.

5. Internal Audit Annual Report 2023/24 Aithisg Bhliadhnail In-Sgrùdaidh 2023/24

There had been circulated Report No. AS/15/24 by the Strategic Lead (Corporate Audit and Performance).

There were two high grade recommendations in the commissioned children's services audit and they had been due to be completed by 30 April 2024. It was confirmed that progress was to be monitored and would be fed back to Members through the action tracking process.

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

6. Fraud and Whistleblowing Annual Report 2023/24 Cunntas Bliadhnail Foille agus Innsireachd 2023/24

There had been circulated Report No. AS/16/24 by the Strategic Lead (Corporate Audit and Performance).

The Committee:-

- i. scrutinised and **NOTED** details of the fraud investigations and activities undertaken as detailed in section 4.1 of the report;
- ii. scrutinised and **NOTED** the information at section 4.2 of the report including the low number of whistleblowing concerns requiring investigation;
- iii. **NOTED** that where a fraud or 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 for scrutiny purposes;
- iv. reviewed and **NOTED** the self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption set out at Appendix 1 of the report; and
- v. **APPROVED** the revised Counter Fraud Policy provided at Appendix 2 of the report.

7. Risk management update Cunntas mu stiùireadh cunnairt

There had been circulated Report No. AS/17/24 by the Interim Executive Chief Officer, Performance and Governance.

During discussion, the following issues were raised:-

- CR6, Sustainable and Adaptable Workforce, was a significant corporate risk with many services citing a lack of resources. This was particularly relevant to CR31, Failure to deliver Statutory Services due to staffing levels within Social Work Services, and yet it had been RAG'd as Green. However, it was explained that, while the lack of Social Workers was both a local and national issue, Highland Council had made significant efforts and progress in recruiting Social Workers, hence it being RAG'd as Green; and
- CR10, Condition of our Roads, had been transferred to the Place Service but information was sought as to target dates.

The Committee **APPROVED** the approach being undertaken in relation to applying the new Risk Management Policy, and the reassessment of the existing Corporate risks with the appropriate links being made with the Operational Delivery Plan.

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

Declaration of Interest: Mrs J McEwan declared interest in this item as she knew personally an individual involved and, in accordance with paragraph 5.6 of the revised Code of Conduct, she left the meeting for this item.

There had been circulated Report No. AS/18/24 by the Chief Executive.

Whilst it was contended that similar incidents occurred regularly in the Health and Social Care Service, it was pointed out that there had been very few Ombudsman reports to the Audit Committee where they had partially or fully upheld complaints against the Council. This included Health and Social Care. The issues raised in the complaint were exceptional and unusual and the Service had complied with the

investigation and all agencies involved were satisfied that all points had been addressed. It was wrong to suggest that there was an endemic problem.

The Committee **NOTED** the outcome of the upheld case and that the SPSO's recommendations have now been carried out.

The meeting ended at 11.50 am.