

The Highland Council

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| Agenda Item | 9 |
| Report No | AC/33/24 |

Committee: **Audit Committee**

Date: **28 November 2024**

Report Title: **Internal Audit Reviews and Progress Report – 30/08/24 – 04/11/24**

Report By: **Strategic Lead (Corporate Audit & Performance)**

1. Purpose/Executive Summary

1.1 This report provides details of the work undertaken by the Internal Audit section since the last report to Committee in September 2024.

2. Recommendations

2.1 Members are asked to:

- i. Consider the Final Reports referred to in Section 5.1 of the report.
- ii. Scrutinise the current work of the Internal Audit Section outlined at sections 6 and 7, and the status of work in progress detailed at **Appendix 1**.

3. Implications

3.1 Resources – as previously reported there has been a reduction in the available resources due to a vacant post within the team since December. This post subsequently deleted as part of an agreed budget saving for 2024/25. At the end of June 2024 resources reduced further when an Audit Assistant left the Council. This post will be replaced by a Graduate Trainee Auditor post with interviews taking place on 15/11/24.

3.2 Risk - the risks and any associated system or control weaknesses identified as a result of audit work or corporate fraud investigations will be reviewed and recommendations made for improvement.

3.3 There are no Legal, Health and Safety or Gaelic implications.

4. Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is an update report and therefore an impact assessment is not required.

5. Internal Audit Reports

- 5.1 There have been four reports issued during this period as detailed in the table below.

| Service Cluster | Subject | Opinion |
|-----------------|---|-----------------------|
| Corporate | Procurement of ICT Cloud Hosted Systems | Reasonable Assurance |
| People | Work Force Planning Arrangements | Reasonable Assurance |
| Corporate | ICT Asset Registers | Limited Assurance |
| Corporate | Common Good Funds | Substantial Assurance |

Each report contains an audit opinion based upon the work performed in respect of the subject under review. The five audit opinions are set out as follows:

- (i) Full Assurance: There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
- (ii) Substantial Assurance: While there is a generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
- (iii) Reasonable Assurance: Whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
- (iv) Limited Assurance: Weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.
- (v) No Assurance: Control is generally weak, leaving the system open to significant error or abuse, and/ or significant non-compliance with basic controls leaves the system open to error or abuse.

6. Internal Audit work in progress

- 6.1 Details of the current audits in progress and their status is provided at **Appendix 1**. The 2023/24 Internal Audit Plan was approved at the September Committee meeting. The Internal Audit Team has continued to make best efforts to ensure timely completion of audit work (noting resources at 3.1). This work is now complete or nearing completion at draft reporting stage. The only exception being the review of

financial arrangements in Primary Schools which is now being progressed with the start of the new school term. The planned audit work to be undertaken for the remainder of this financial year is addressed as a separate agenda item, 7.1 (iv) below also refers.

7. Other Work

7.1 The Section has been involved in a variety of other work during the period which is summarised below:

(i) Audits for other Boards, Committees and Organisations

Audit work has been undertaken during this period for the Valuation Joint Board and for High Life Highland which will be reported to the respective Committees in due course.

(ii) Attendance at People & Finance Systems Programme Board

Corporate Audit representation has been requested on the Board in an independent non-voting capacity. The role being carried out by the Corporate Audit Manager is to assist assurance around governance and risk management.

(iii) Global Internal Audit Standards

Members will be aware that the Council's Internal Audit Service must comply with the UK's Public Sector Internal Audit Standards (PSIAS) which are set jointly by CIPFA and the Institute of Internal Auditors. These are underpinned by the Global Internal Audit Standards (GIAS).

New Global Internal Audit Standards were released in January 2024 and become effective in January 2025. It has been agreed that these will be the basis for internal auditing for the UK Public Sector. The GIAS are a significant development from the previous standards being more prescriptive and requiring greater evidence to demonstrate conformance. Organisations are being encouraged to undertake preparatory work to allow them to implement the new requirements when they become effective. This preparatory work is underway, and Committee will be kept updated as this progresses. The GIAS also has implications for the Audit Committee and details are provided in a separate agenda item.

(iv) Work to support the preparation of the internal Audit Plan 2024/2025-26

This work has now been completed and the audit plan is presented for approval at agenda item 12.

(v) Corporate Fraud, Whistleblowing concerns and other investigations activity

The Single Point of Contact (SPOC) work is an ongoing commitment providing information to Police Scotland, the Department of Work and Pensions and the UK Immigration Enforcement Office. This work assists these organisations in investigating potential crimes and in making our communities safer. An allowance of time for these commitments is made within the Internal Audit Plan each year.

We have a current commitment of 27 cases. This comprises of several active cases subject to investigation and those where the investigation has been concluded but there is ongoing recovery or further action by the Procurator Fiscal.

Ongoing investigations during this period include:

- Investigations resulting from whistleblowing reports:
 - One completed and an investigation report issued to management (no system weaknesses identified).
 - Two cases closed (one where the Service has taken appropriate action and one where the allegations were established to be unfounded).

- Two active ongoing investigations.
- Investigation of specific cases of overpayments from Payroll.
- Tenancy Fraud investigations.
- One fraud investigation notified by NHS Investigators which has implications for the Council.
- Two suspected theft allegations.

Where active fraud and whistleblowing investigations are in progress, no further information can be provided in order to prevent these being compromised. However, once the investigations have been completed including any associated disciplinary/ legal action where relevant, the system weaknesses reports will be provided to the Audit Committee to scrutinise.

Designation: Strategic Lead (Corporate Audit & Performance)

Date: 5 November 2024

Author: Jason Thurlbeck, Corporate Audit Manager

Background Papers: N/A

Appendices: Appendix 1 - Internal Audits in progress

Appendix 1 - Internal Audits in progress

| Service | Audit Subject | Priority | Planned Days | Current Status | Planned Committee Reporting Date |
|----------------|---|-----------------|---------------------|--------------------------|---|
| Corporate | HCP22/001 - Efficiency of debt recovery arrangements | Medium/High | 20 | Draft report in progress | February 2025 |
| People | HSC08/001 - Justice Service Community Payback Orders | Medium | 25 | Draft report in progress | February 2025 |
| Corporate | HRF33/004 - Review of Health and Safety arrangements | Medium/High | 20 | Draft report in progress | February 2025 |
| People | HEL02/001 - Review of financial arrangements in Primary Schools | Medium/High | 30 | Fieldwork in progress | February 2025 |

Internal Audit Final Report

Corporate

Procurement of ICT Cloud Hosted Systems

| Description | Priority | No. |
|---|----------|-----|
| Major issues that managers need to address as a matter of urgency. | High | 2 |
| Important issues that managers should address and will benefit the Organisation if implemented. | Medium | 4 |
| Minor issues that are not critical but managers should address. | Low | 0 |

Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Reasonable Assurance** can be given in that whilst the system was broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there was evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Distribution:

Chief Officer (Business Solutions)
 ICT Operations Manager x2
 Service Lead – Enterprise Architecture
 Assistant Chief Executive - Corporate
 ICT Technical Manager
 Strategic Commercial Manager, Commercial & Procurement Shared Services
 Audit Scotland

Report Ref: HDX03/003
Draft Date: 19/09/24
Final Date: 15/10/24

1. Introduction

- 1.1 Cloud computing is the on-demand availability of computing resources (such as storage and infrastructure), as services over the internet. It eliminates the need for individuals and businesses to self-manage physical resources themselves, and only pay for what they use. The main cloud computing service models include infrastructure as a service (computing and storage services), platform as a service (develop-and-deploy environment to build cloud apps), and software as a service (delivers apps as services).
- 1.2 Highland Council's ICT Strategy 2022-2027 states that a "cloud first" approach will be used, resulting in a gradual reduction in the dependence on the Council's dedicated data centre presence. This will mean more emphasis on buying in software or platform services either direct from our business application vendors or from generic cloud services providers. End users will have significantly more freedom to access Council data and information at any time, any location, and on a device most suited to their needs.
- 1.3 The audit looked to ensure that there were pathways to identify cloud procurement requirements and include the appropriate specialist advice to assess the suitability and effectiveness of proposed solutions. The audit also sought to verify that appropriate due diligence was carried out both ahead of procurement and throughout the life cycle of any contracts arising from the procurement exercise.
- 1.4 The audit reviewed procurement processes and included review of a sample of 8 cloud procurement exercises. The audit did not include the use of free cloud services, but the risks assessed as part of this audit will also be applicable for cloud services where there is no financial cost.

2. Main Findings

- 2.1 *Governance of procurement of cloud-based services*

This audit objective was partially achieved. There was no specific guidance on ICT Procurement either generally or more specifically on cloud-based solutions within the Council's Contract Standing Orders or Procurement Manual. However, there were regular meetings between the Commercial & Procurement Shared Services (CPSS) and ICT Services to ensure both were aware of ongoing/upcoming procurements. The risk of Procurement & ICT Services both being unaware of procurement exercises is greatest for free and/or low value purchases that sit below the thresholds (<£5,000) where CPSS assistance is not mandated.

The Council's ICT Strategy states that ICT Services will centrally manage all ICT procurements, in collaboration with CPSS, and be the single purchasing approval authority for ICT system and software purchases. However, it was unclear how this works in practice without being covered in Contract Standing Orders or the Procurement Manual as the ICT Strategy may not be the document staff would look to for clarification on this. In discussions with the Service Lead – Enterprise Architecture and an ICT Operations Manager they referred to a need for ICT Services to be informed of ICT procurements, but not for them to approve these or to centrally manage them (See Recommendation H1).

There were processes in place to help identify the use of new cloud-based solutions that had been procured without the knowledge of ICT Services.

- 2.2 *Checking of potential providers of cloud-based services*

This audit objective was partially achieved. An ICT Support model was in place which detailed where responsibility lies for different aspects of the process (Infrastructure Management, Hosting Management, Business Process & Data Management etc) within 6 different categories ranging from ICT owned to Business owned. All line of business applications were classified in one of the 6 categories. Any requests (prior to procurement) were discussed to clarify what support model was required. ICT Services were in the early stages of developing this process and were trying to

evolve the methodology to improve accountability (See Recommendation H2). Currently Data Protection Impact Assessments or Integrated Impact Assessments were not provided routinely to ICT Services. Receiving this information, would assist in establishing the most appropriate ICT support model and help in assessing the level of assurance required for the proposed ICT solution (See Recommendation M1).

ICT Services had developed a Mandatory Statement of Requirements document which detailed criteria for IT Security, GDPR compliance, and backup, disaster recovery and business continuity that potential suppliers must meet to be considered for ICT procurements. The document was drafted in November 2023 but remains as a draft document as it has not yet been presented for approval by the Council's Information Governance Board (See Recommendation M2).

ICT Services had also developed a Cloud Security Principles document for completion by suppliers. Currently this was only completed by the preferred supplier identified during the procurement process, but it was intended that this would be extended to all suppliers who had submitted a tender and who met the Mandatory Statement of Requirements. Once completed the document was reviewed by the relevant managers for ICT Architecture, ICT Security and ICT Applications. They received notification that the form was ready to be reviewed through the Service Now system used to log ICT incidents, this provided evidence of approval along with any comments they had arising from the review. The Service Lead – Enterprise Architecture stated that the process could be improved by having a pro-forma detailing what they have reviewed and the outcomes to provide more structure (See Recommendation M3).

A sample of 8 new procurement exercises was selected from the Contract Register held on the ICT Performance SharePoint site to establish that they had followed Council Policy and Procedures around contractual arrangements, service delivery, data protection, IT security, disaster recovery and business continuity including how Council data is retrieved from the cloud if the Supplier goes out of business, is taken over, or service delivery is unacceptable. The contracts reviewed were mostly national

framework contracts which had standard clauses covering the areas referred to above which ensured that the requirements placed on prospective providers were robust. While the majority of procurements reviewed were satisfactory, the undernoted issues were identified:

- The contract for the Cloud Solution for Telephony and Service Centre required the supplier to provide the Council with a Security Management Plan and a Business Continuity and Disaster Recovery Plan for approval. These were requested as part of the audit and were provided by e-mail but only after contacting the supplier to request them. This suggests that the documents were not provided routinely as outlined in the contract. However, the contract did cover all requirements in these areas. The Council had also paid for additional advanced support including a dedicated technical service manager and held regular service reviews with the provider to ensure contractual commitments were met.

2.3 *Contract management processes*

This audit objective was partially achieved. Audit Scotland's 2022/23 Annual Audit Report on Highland Council highlighted that the council did not formally obtain any control assurances over the procedures used by the third parties who host their systems and recommended that these assurances were sought from third parties. It was agreed that an annual request would be sent to key suppliers to get formal assurance about controls and operating procedures, with a target date of 31/03/24 for this action to be completed.

The ICT Operations Manager stated that all significant line of business providers were contacted to provide the assurance detailed in the External Audit Annual Report – this related to systems which generated or processed financial transactions (Integra, Revenues & Benefits, Housing, CareFirst and Housing Maintenance systems). For future years ICT Services will provide suppliers with details of the position at the last time of contact and will ask suppliers to provide details of any changes along with supporting documentation/certifications. However, there was no evidence of similar assurances being sought or received from

providers of other cloud-based solutions used by the Council (See Recommendation M4).

3. Conclusion

- 3.1 The audit found that there were developing processes in place to ensure providers met the Council's requirements at the procurement stage. Formalising these processes would improve transparency and accountability in this area. The Council's Contract Standing Orders and associated procurement guidance were not aligned with the Council's ICT Strategy and did not direct Council staff to ensure ICT Services approve all ICT procurements. This increases the risk of the Council selecting a solution that introduces a security risk or fails to protect data held by the Council.

The Council had started to request assurances from third parties who host their systems following a recommendation from Audit Scotland in their 2022/23 Annual Audit Report on the Council. The initial exercise to do this in 2023/24 focussed on solutions linked to financial transactions, but there may be merit in using a risk-based method to extend this to other solutions to obtain similar levels of assurance over other systems holding confidential or sensitive data to minimise the risk that the Council is unable to access business critical data.

4. Action Plan

| Ref | Priority | Finding | Recommendation | Management Response | Implementation | |
|-----|----------|---|--|--|---------------------------------------|-------------|
| | | | | | Responsible Officer | Target Date |
| H1 | High | The requirement stated within the Council's ICT Strategy that ICT Services will centrally manage all ICT procurements, in collaboration with CPSS, and be the single purchasing approval authority for ICT system and software purchases was not reflected in the Council's Contract Standing Orders or the Procurement Manual. | (i) Contract Standing Orders and the Procurement Manual should be updated to align with the Council's ICT Strategy. (ii) Training materials for Delegated Procurement Authority should be updated where applicable. | (i) The Procurement Approval Form will be updated to add in a section for ICT approval with confirmation required of request logged with ICT services. (ii) Contract Standing Orders and procurement guidance to be updated to state that all procurements with ICT software components (cloud or on premise) should be initiated through a Request logged with ICT Services so that the appropriate controls and governance can be applied. (iii) Delegated Procurer E-Learning to be updated to cover this change. | Strategic Commercial Manager (C&PSS) | 30/11/24 |
| | | | | | Strategic Commercial Manager (C&PSS) | 31/03/25 |
| | | | | | Strategic Commercial Manager (C&PSS) | 31/03/25 |
| H2 | High | While the ICT Support Model matrix details areas of responsibility across 6 categories, the process was still in development. | The process should be formalised to improve transparency, accountability and ensure consistent application of the process. | ICT Application Support Model will be formally introduced and applied initially to all new procurements as referenced in action H1. | ICT Operations Manager (Applications) | 31/03/25 |
| M1 | Medium | Currently Data Protection Impact Assessments or Integrated Impact Assessments were not provided routinely to ICT Services. | Data Protection Impact Assessments or Integrated Impact Assessments should be provided to ICT Services at the earliest point possible in the process to ensure that requirements are appropriately considered from the outset. | Relevant ICT staff will be reminded that they should have CaseViewer logins and should access DPIAs as required. | Chief Officer (Business Solutions) | 30/11/24 |

| Ref | Priority | Finding | Recommendation | Management Response | Implementation | |
|-----|----------|---|--|---|--|-------------|
| | | | | | Responsible Officer | Target Date |
| M2 | Medium | The Mandatory Statement of Requirements document remains in draft status as it had not been approved by the Information Governance Board. | The document should be presented to the Information Governance Board for review and approval. | Formal approval of the Mandatory Statement of Requirements will be progressed via the Information Governance Board | Chief Officer (Business Solutions) | 31/01/25 |
| M3 | Medium | The Service Now system was used to notify ICT Services that the Cloud Security Principles document was ready for review by the relevant ICT Managers. While this evidenced the request, approval and comments from the ICT managers (where applicable) it may not fully capture the extent of checking carried out. | A process should be introduced that provides a method to detail the review work undertaken and record the assessment of the relevant managers. | (i) We will formalise the Cloud Security Principles assessment parameters as a template. (ii) We will introduce a mechanism to record the review and sign-off of Cloud Security Principles documentation. | ICT Technical Manager | 31/03/25 |
| | | | | | ICT Technical Manager | 31/03/25 |
| M4 | Medium | While control assurances over the procedures used by the third parties who host Council systems were sought from third parties following a recommendation by Audit Scotland, these were only sought for systems which generated financial transactions. | (i) A risk assessment should be carried out to establish which providers the Council requires to provide annual assurances. (ii) A process for requesting and reviewing assurances should be established to ensure that appropriate assurance is in place based on the risk associated with the solution. | (i) We will establish a risk profile for each application which will highlight the vendors required to provide annual assurances. (ii) We will introduce a mechanism to confirm if there have been any changes to the vendors environment from what was previously detailed within the Cloud Security Principles documentation. We will record vendor responses. Where changes are highlighted, we will re-assess using the same mechanism as per action M3. | ICT Operations Manager (Applications) | 31/03/25 |
| | | | | | ICT Operations Manager (Applications) | 31/03/25 |

Internal Audit Draft Report

Corporate

Workforce Planning Arrangements

| Description | Priority | No. |
|---|----------|-----|
| Major issues that managers need to address as a matter of urgency. | High | 1 |
| Important issues that managers should address and will benefit the Organisation if implemented. | Medium | 5 |
| Minor issues that are not critical but managers should address. | Low | 0 |

Distribution:

Head of People, Corporate
 HR Manager, Corporate
 Senior HR Business Partner, Corporate
 Assistant Chief Executive – Corporate
 Assistant Chief Executive – People
 Assistant Chief Executive – Place
 Audit Scotland

Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Reasonable Assurance** can be given in that whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Report Ref: HRF30/006

Draft Date: 24/10/24

Final Date: 15/11/24

1. Introduction

1.1 Highland Council are one of the largest employers in the Highlands delivering services to a population of 235,430 by around 10,500 staff (8,300 FTE). The overall revenue budget for 2023/24 was £714.635m of which £408.802m related to staffing costs.

1.2 Workforce planning (WFP) is the process that organisations use to make sure they have the right people with the right skills in the right place at the right time. The audit looked to ensure that robust workforce plans were in place for each Service, with a corporate overview ensuring that Services were not operating in isolation. We also looked to verify that workforce plans were supported by complete and accurate data, both in establishing the current position and in enabling Services to manage the transition to the anticipated staffing position required to meet future Service needs. The processes for monitoring and reporting on the delivery of workforce plans were also assessed to ensure that they provided early identification of issues with plans and enabled appropriate action to be taken by management.

1.3 The importance of workforce planning has been recognised through links to the Developing the Workforce Project within the Family First Workstream of the Person-Centred Solutions Portfolio and the Workforce for the Future Portfolio of the Council's Delivery Plan. The Corporate Solutions portfolio of the Council's Delivery Plan also includes a People and Finance Programme workstream (One Council HR Project) with an activity to redesign HR & Payroll processes and implement an integrated business solution to improve data quality and end-to-end online processes for payroll, pensions and workforce management.

1.4 The audit fieldwork was carried out prior to the implementation of the new service structure which combined 8 Services into 3 Service clusters. The WFP arrangements of all 8 Services were examined to assess their effectiveness:

- Communities and Place
- Education and Learning
- Health and Social Care
- Infrastructure, Environment and Economy
- Performance and Governance

- Housing and Property
- Resources and Finance
- Depute Chief Executive.

1.5 Audit Scotland's 2023/24 Best Value Thematic Review focussed on Workforce Innovation. Their report was considered by the Council's Audit Committee on 26/09/24 and included an action plan to address the issues identified within the report.

2. Main Findings

2.1 *Robust baseline data is available to assist Services in knowing their employee establishment and current workforce.*

This audit objective was partially achieved. Services were provided with baseline data detailing their establishment, age profiles, gender split, staff turnover, absence rates and breakdowns of contract types (permanent or temporary) and staff number by pay grade. HR Business Partners confirmed that the most up to date data was used other than for Property & Housing and Health & Social Care where data from Q3 21/22 was used for reports that went to the relevant strategic committee on 27/04/23 and 09/02/23 respectively (See Action Plan reference M1).

The process for producing the data required for workforce planning was cumbersome due to the limitations of the ICT system used. It could take approximately 3-4 weeks work for the HR Data Analysis team to pull all the data together for the WFP process due to the level of manipulation for the various breakdowns, although this varied depending on the level of detail and degree of analysis required. There were also issues around the service and section information not always being fully populated by line managers recording staffing changes (joiners, movers or leavers) which resulted in additional manual intervention by HR to investigate and complete these fields to ensure the completeness and accuracy of data. A need to improve data quality and end-to-end online processes for payroll and workforce management is recognised as part of the One Council HR project (see earlier paragraph 1.3) (See Action Plan reference M2).

The findings above link to the Audit Scotland finding that Council wide workforce data was not readily accessible and was not reported corporately.

- 2.2 *The future needs (strategic and operational) of the Council and its Services are considered in workforce plans, along with the methods, budgetary constraints and risks associated with managing the transition from the current workforce to the anticipated future requirements.*

This audit objective was partially achieved. The Council's Workforce Planning Guide states that "*Planning workforce demand needs to be completed in conjunction with the service and financial planning process. Forecasting demand is the process of estimating future workforce requirements based on the right quality and right number. Potential workforce requirement is to be estimated keeping in view the Services plans over the next 6 months to 4 years*". However, there was no evidence of workforce demand forecasts being carried out in any of the Service Workforce Plans. There were some planned actions /activities and an understanding of current recruitment gaps but not a longer-term view (taking into account key drivers for demand for council service provision e.g. rising demographic pressures, developments in technology (including artificial intelligence), changes required to meet net zero legislative targets etc). As a result, the information contained within the plans did not provide a basis to carry out a gap analysis to identify potential future staffing surpluses or shortages. Therefore, there were not specific defined plans detailing future staffing needs with numbers, skills and time frames on how to manage the transition to the required future staffing numbers (See Action Plan H1).

- 2.3 *Appropriate processes are in place to implement workforce plans and enable their timely execution, including to identify corrective action where required.*

This audit objective was partially achieved. On a quarterly basis HR Business Partners received data on headcount & FTE, absences, flexible retirements, temporary contracts, exit interviews and mandatory training completion. There should also be quarterly data on apprentices and overtime spend but these were not always received. There were also monthly figures on

agency staff spend and annual figures on vacancies. There were plans to provide a quarterly WFP dashboard to improve the accessibility of information provided to service management. The data available should be sufficient to enable Services to monitor the current position with the limitation that it was received either monthly, quarterly or annually and was therefore only an accurate reflection at that point in time. However, the data did not assist with monitoring whether skills gaps were being addressed, to measure the pace of the transition or whether the environment was changing to know whether the plan was still relevant/current (See Action Plan M3).

Action plans including target dates were in place for 3 Services (Communities & Place, Performance & Governance and Infrastructure, Environment & Economy). Action plans were in place for a further 4 Services, but these did not include target dates against actions (Housing & Property, Health & Social Care, Resources & Finance and Depute Chief Executive). There was no action plan signed off for Education & Learning due to the ECO for this Service leaving. The Audit Scotland report includes a management agreed action for Service workforce plans to be updated and reviewed to reflect the new structure with a target completion date of 31/03/25.

It was unclear how progress with the corrective actions detailed in the action plans were evidenced as not all Services had target dates included in their action plans and most of the data used for monitoring was produced quarterly. The combination of these factors meant that slippage would not necessarily be identified at an early stage, and it was noted that where target dates were recorded some were ongoing or had now been exceeded (See action plan M4).

- 2.4 *Effective processes are in place to monitor and report on progress against workforce plans.*

This audit objective was partially achieved. Annual update reports had been presented to the relevant strategic committee by 3 Services (Health & Social Care, Housing & Property and Infrastructure, Economy & Environment) to highlight progress against the initial WFP. The 3 annual update reports all stated that "It is important to note that it is not possible to provide end dates

for most actions because workforce planning is an ongoing process".

Due to the lack of target dates, it was not always apparent in the 3 annual update reports whether slippage had been identified or addressed. Only one of the reports (Housing & Property) included details of further planned actions (again with no target dates), so while the reports were useful in identifying successes it was not clear if actions that were not directly referenced in the updates had been completed or if there were reasons why they hadn't been achieved with a revised approach now in place to progress the action (See Action Plan Reference M5).

A draft Corporate Workforce Action Plan has been in discussion for a considerable time. However, as outlined in the Audit Scotland review a Corporate WFP has yet to be presented to the Council's Corporate Resources Committee. This is due to be submitted to the Corporate Resources Committee for approval on 5 December 2024.

3. Conclusion

3.1 The audit found that there were policies and processes in place, and that workforce planning exercises had been carried out by each Service. This provides the foundations for workforce plans to be developed for the new Service clusters. The workforce planning reports to strategic committees provide examples of good practice such as "grow your own" approaches to address hard to fill vacancies and use of modern apprentices to diversify the age profile in some roles.

However, the audit also highlighted limitations in the current approach resulting from the difficulty in providing up to date data and the lack of a gap analysis to identify potential future staffing surpluses or shortages. While Service action plans were prepared these often did not include target dates and it was therefore difficult to ascertain whether progress was being made at sufficient pace to meet future workforce requirements.

The recent Council restructure, the inclusion of workforce planning initiatives in the Council's delivery plan and the potential improvements highlighted in both this and the Audit Scotland

report, provide an opportunity to develop more robust workforce planning arrangements across the Council.

4. Action Plan

| Ref | Priority | Finding | Recommendation | Management Response | Implementation | |
|-----|----------|--|--|--|---|-------------|
| | | | | | Responsible Officer | Target Date |
| H1 | High | The information contained within the plans did not provide a basis to carry out a gap analysis to identify potential future staffing surpluses or shortages. | The workforce planning processes should be revised to emphasise the need to estimate future staffing requirements and provide clear guidance on the methodology to be used to identify this and assess options to transition to the anticipated future staffing requirement. | It is intended that the revised Corporate Workforce planning strategy will be presented to Resources Committee for approval on 05/12/24. The toolkit and templates which underpin the strategy will be updated to support robust workforce planning, and service management will be supported by the HR Business Partners to produce workforce plans which identify future planning shortages or surpluses more clearly along with options to manage the required staffing transition. | Head of People and Senior HR Business Partner | 31/03/25 |
| M1 | Medium | The data used for preparing the WFPs for the Property & Housing and Health & Social Care Services was out of date - data from Q3 21/22 was used for reports that went to the relevant strategic committee on 27/04/23 and 09/02/23 respectively. A need to improve data quality and end-to-end online processes for payroll and workforce management is recognised as part of the One Council HR project. | Services should ensure that the most up to date data available is used when preparing or reviewing their workforce plans. | Quarterly management dashboards are now available and used by Service Management when developing and reviewing Workforce Plans. | Head of People and Chief Officers | Completed |
| M2 | Medium | Service and section information was not always being fully populated by line managers | (i) Line managers should be reminded of the need to | Managers have been reminded to complete the mandatory establishment checks. Payroll | Head of People | Completed |

| Ref | Priority | Finding | Recommendation | Management Response | Implementation | |
|-----|----------|--|---|--|---|--|
| | | | | | Responsible Officer | Target Date |
| | | recording staffing changes (joiners, movers or leavers) which resulted in additional manual intervention by HR to investigate and complete these fields to ensure the completeness and accuracy of data. | fully complete staffing change details. (ii) Where recurring issues are identified by HR, they should be escalated with Senior Management to ensure data is fully completed going forward. | process briefing sessions have taken place including separate sessions for Education Head Teachers / support staff. Extensive training was rolled out in 2024 to support managers in correctly processing joiners, movers, leavers and timely record absence management. A robust process has been put in place to identify errors which includes reporting to CMT. | | Completed Completed |
| M3 | Medium | The current WFP data did not assist with monitoring whether skills gaps were being addressed, to measure the pace of the transition or whether the environment was changing to know whether the plan was still relevant/current. | Workforce planning monitoring processes should be reviewed to ensure that they enable scrutiny of progress against both short and long term requirements and are supported by robust data to facilitate this. | Revised ERD process (2023) and forms (2024) assist managers in identifying the skills gaps. The newly developed Succession planning toolkit will be launched through SMTs and used to identify requirements. Monitoring processes for the revised service plans reflecting the new cluster structure will ensure that senior service management are able to scrutinise progress against the short and long term requirements needed to achieve the planned workforce transition. | Head of People and HR Business Partners | 30/09/25 31/12/24 30/09/25 |
| M4 | Medium | It was unclear how progress with the corrective actions detailed in the action plans were evidenced as not all Services had target dates included in their action | While it is accepted that workforce planning is an ongoing process, the use of target dates would provide a means of assessing whether | HR Business Partners will work with Service managers to revise the Service plans to reflect the new cluster structure. This will provide an opportunity to | Senior HR Business Partner and Chief Officers | 31/03/25 |

| Ref | Priority | Finding | Recommendation | Management Response | Implementation | |
|-----|----------|---|--|---|---|-------------|
| | | | | | Responsible Officer | Target Date |
| | | plans and most of the data used for monitoring was produced quarterly. The combination of these factors meant that slippage would not necessarily be identified at an early stage. | actions were progressing with sufficient pace to ensure that future staffing requirements could be met and would assist in early identification of slippage. | review, update and add target dates. | | |
| M5 | Medium | It was not clear if actions that were not directly referenced in annual WFP updates to Committee had been completed or if there were reasons why they hadn't been achieved with a revised approach now in place to progress the action. | Reporting on progress against workforce plans should clearly highlight successful actions and those where further (or alternative) action is required. | HR Business Partners will work with service managers to progress workforce planning reports to Committees that highlight successes and detail any areas where further action is required. | Senior HR Business Partner and Chief Officers | 31/03/25 |

Internal Audit Report

Corporate

ICT Asset Registers

| Description | Priority | No. |
|---|----------|-----|
| Major issues that managers need to address as a matter of urgency. | High | 2 |
| Important issues that managers should address and will benefit the Organisation if implemented. | Medium | 3 |
| Minor issues that are not critical but managers should address. | Low | 1 |

Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Limited Assurance** can be given in that weaknesses in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.

Distribution:

Assistant Chief Executive - Corporate
Chief Officer – Business Solutions, Corporate
ICT Service Manager, Corporate
ICT Operations Manager, Corporate

Report Ref: HDX03/004
Draft Date: 07/10/24
Final Date: 08/11/24

1. Introduction

- 1.1 Information and Communications Technology (ICT) Asset Registers help organisations to track and manage their ICT assets throughout their lifecycle, plan upgrades or replacements, manage risks, and can inform decisions about ICT investments. The ICT asset register should list all significant hardware components of the ICT environment (excluding low value items such as keyboards). The Highland Council's platform ServiceNow (SNOW) stores ICT assets as Configuration Items (CIs), primarily hardware and some virtual desktops. ServiceNow has multiple purposes, the register of assets is held within the Configuration Management Database (CMDB).
- 1.2 The audit reviewed the policies, procedures, systems and records covering ICT assets. The primary focus was on how computers, mobile phones and peripherals (monitors and docking stations) were administered over their life cycle, although consideration was given to network devices, servers and printers. Chromebooks, used in Education, were excluded from the audit as there are separate processes for Chromebook management and these were recently reviewed (Internal Audit ICT Arrangements in Schools - January 2024).
- 1.3 As of September 2024 the total hardware assets on the CMDB were recorded as follows:

| Type | Total assets excluding those classed as Decommissioned and Disposed |
|---|---|
| Computers (desktops, laptops, thin clients) | 18,807 |
| Peripherals | 31,207 |
| Mobiles (phones) and tablets | 3,673 |
| Servers | 296 |
| Network gear | 6,345 |
| Printers | 1,573 |
| Total | 61,901 |

2. Main Findings

- 2.1 *There are adequate policies and procedures governing ICT assets, and officers are familiar with their requirements.*

This audit objective was partially achieved. There was no specific policy governing ICT asset management. There were references to ICT assets in some ICT strategies and policies, Financial Regulations and in other corporate policies, instructions and procedures (in particular in Human Resources and the Schools' SharePoint site). Together these did not cover the full asset management lifecycle, and they were held in disparate locations. As a result, responsibilities and expectations for both ICT Services and end users were not clearly defined, which had a number of implications for managing assets as outlined throughout this report (See Recommendation H1).

ICT Services had internal processes covering how they manage the different stages of ICT asset management (for example acquisitions, repairs, disposals etc) but these were not completely accurate and up to date and needed to be reviewed by ICT Services to ensure they were fit for purpose (See Recommendation H1).

- 2.2 *ICT asset registers are complete, accurate and up to date, especially concerning correct location and user. Access to add, amend, or delete records from ICT asset registers is controlled with an appropriate audit trail. Periodic checks are carried out to verify the accuracy of ICT Asset registers.*

This audit objective was partially achieved as asset registers were in place and an audit trail existed showing which ICT officer had amended an asset listing within the CMDB. However, most areas of the audit objective were not met fully with a number of issues identified in respect of the completeness and accuracy of asset registers as detailed below:

- 1 key information feed from ICT management software was not interfacing with CMDB, so maintaining accuracy relied partly on manual updates and use of tools to monitor network use. However, manual updates were not always being undertaken and the monitoring tools were not being used

comprehensively. As a result, the CMDB did not have accurate records of asset users and locations (See Recommendation M1).

- The CMDB records for "In Store" assets (assets ordered but not yet deployed) were inaccurate and included a significant level of duplicate records and some devices that were already in use (during the audit ICT analysed and removed the duplicates). (See Recommendation H2).
- The CMDB had not been kept up to date for network monitoring assets. The network team kept their own inventories and store of network devices, this toolset provided real-time information of asset type/location and configuration and at the time no decision had been made on the role the CMDB should have in recording these assets. ICT Services confirmed that there was no current requirement to input this information due to potential changes in the Service Management toolset. (See Recommendation H1).
- The absence of an effective leavers process meant that assets were often recorded against staff who no longer worked for the Council. While these assets should be returned to ICT Services to be prepared for re-issue where required, they were often retained by Services to re-assign to new staff, kept as spares or left unused. This meant resources were not being used efficiently and devices may not be receiving necessary security upgrades on time (See Recommendation M2).
- Periodic checks of the register to what was held at sites were not undertaken and a sample of users selected for the audit showed some inaccuracies between the user assigned on the CMDB and who was actually using the device. Therefore, keeping physical track of assets was not always satisfactory (See Recommendation M1).
- The CMDB contained inconsistencies for asset numbers and locations which affected the ability to analyse the register and made it harder to track asset allocation and monitor use. (See Recommendation M1).
- The number of devices recorded as "under repair" was inaccurate.

- A number of users were recorded as having more than 1 computer assigned to them, but a sample of end users found almost all only used 1 computer. Similarly, "shared" devices (usually in schools where multiple staff members may use the same device) were not consistently or accurately recorded. This overstated the number of users with multiple devices on CMDB. A more robust process is needed for device recovery as users are requested to return devices. (See Recommendation M1).

2.3 *All ICT assets are held securely and disposed of appropriately.*

This audit objective was partially achieved. ICT assets were distributed across the Council estate, so security depended on individual sites and users adhering to corporate security guidance. ICT were responsible for security of assets held in the ICT suite and the storeroom at Headquarters (HQ), and a small number of regional stores (the latter were not assessed during the audit). Access to the HQ storeroom and ICT Suite was not restricted to ICT staff as other staff from various Services had wide ranging building access within Council HQ by default. A review of staff who had access was undertaken during the audit to ensure access was only provided to the appropriate staff, with a resultant reduction in the number of staff with access to rooms where ICT assets were stored. ICT Services did not bring to audit's attention any incidences of loss or theft of ICT equipment.

As a result of the identified weaknesses in physical access controls and the "instore" status in the CMDB not being kept up to date, there was no accurate record of what equipment was held in store. We were therefore unable to provide assurance over this area. (See Recommendation H2).

The disposal process was not being consistently followed resulting in inaccuracies and inefficiencies with the process. Responsibility for erasing data from devices as part of the disposal process lies with the contractor as outlined in the relevant contracts with both suppliers used. Specific issues were:

- ICT Services acknowledged that the "Disposed" status on the CMDB was not accurate resulting an estimate of hundreds of devices classed as such but had not yet been disposed.

- Discrepancies occurred between the records for each stage of the disposal process, notably between what was agreed at collection, what was scanned ready for collection and what disposal certificates were issued. These discrepancies had to be investigated by ICT Services and there was evidence some tasks were duplicated all of which took up unnecessary time.
- The CMDB was being updated for assets "pending disposal" by 2 teams rather than 1 as stated on the procedures and at a different stage than expected. This created confusion and meant an accurate understanding of what was to be disposed was not available.
- ICT Services had not updated the CMDB for 557 assets where disposal certificates had been provided.
- It was in the Council's interest to dispose of end-of-life items as a rebate can be obtained for some assets. Obsolete assets take up physical space and there was an ongoing risk that unused assets may present an ICT security risk. ICT Services have previously requested end users to return obsolete assets via an amnesty, but this had not been as successful as hoped. The large number of deployed but unused assets suggests that there may be a number of assets that could be eligible for disposal (See Recommendation M3).
- The disposal company handling computers had not provided disposal certificates for 1372 assets, preventing timely updates to the CMDB (See Recommendation L1).

3. Conclusion

3.1 ICT Services were aware of almost all the issues identified and had previously undertaken exercises to identify and correct inaccuracies. It was recognised that it is challenging to maintain accurate records for a large volume of assets, issued to many staff across multiple sites over a large geographic area, there were also legacies issues from previous arrangements and from the move to hybrid working.

Responsibility for improvement does not rest solely with ICT Services as they are reliant on being informed of changes to ICT asset use by line managers and end users.

The record of ICT assets was only partially accurate and was not updated correctly. There were opportunities to improve the

accuracy of ICT asset records through periodic asset checks and by incorporating asset management information on use and location.

Improving the leavers process could better assist the efficient use of resources, reducing the risk of the Council purchasing new equipment when existing devices could be used.

Therefore, a review of the policy and process and an updated register utilising the tools available would benefit ICT services, end users and the Council as a whole.

4. Action Plan

| Ref | Priority | Finding | Recommendation | Management Response | Implementation | |
|-----|----------|--|---|---|--|-------------|
| | | | | | Responsible Officer | Target Date |
| H1 | High | There was no single comprehensive policy governing ICT asset management. | An ICT asset management policy should be created and made available to all users. | ICT asset management policy will be created and published to all ICT users. | ICT Service Manager & ICT Operations Manager | 31/03/25 |
| | | The internal processes for ICT management of asset registers (on the CMDB) are incomplete and do not adequately cover all aspects of maintaining an up-to-date ICT asset register. | Processes for managing ICT asset registers (on the CMDB) should be reviewed to ensure they are fit for purpose. | ICT Services will conduct Asset management process review to ensure current documentation is fit for purpose, changes where required will be made to improve process. | ICT Service Manager & ICT Operations Manager | 30/06/25 |
| | | A decision had not been made on whether CMDB should be kept up to date for network asset data. | The above mentioned policy should state what systems are used to monitor network assets. | The decision has been made on the systems used to manage network assets and will be reflected in the above mentioned policy. | ICT Service Manager & ICT Operations Manager | 31/03/25 |
| H2 | High | The "In Store" status in the CMDB was not being kept up to date and therefore not an accurate record of what equipment was held in store ready for issue. | The CMDB should be kept up to date and reconciled to stock held to ensure that "instore" is an accurate record of assets that are held by ICT Services that can be issued to end users. | An asset management process review will ensure current processes are fit for purpose; changes where required will be made to improve process. A review of operational status options will be carried out so they can be used more effectively. A stock review will be implemented every 6 months. | ICT Service Manager & ICT Operations Manager | 30/06/25 |
| M1 | Medium | There were multiple inaccuracies to the CMDB as a result of the broken links with ICT asset management software, lack of timely manual updates and lack | ICT Services should carry out periodic checks to verify the accuracy of asset records by: | ICT Services will review current checks to make improvements in this area. | ICT Service Manager & ICT Operations Manager | 30/06/25 |

| Ref | Priority | Finding | Recommendation | Management Response | Implementation | |
|-----|----------|--|---|--|--|----------------------|
| | | | | | Responsible Officer | Target Date |
| | | of periodic checks using the monitoring tools available. | <ul style="list-style-type: none"> Requesting users to validate the records of assets held. Undertaking physical sample checks to verify the accuracy of asset records. | Service desk already validate assets for callers and deal with on average 1172 call per month. | ICT Service Manager & ICT Operations Manager | Complete and ongoing |
| | | | | Due to the Hybrid nature of how we work governed by the Hybrid working Policies and Guidance this action will be very challenging to deliver in relation to physical audits. The stock take will assist in verifying accuracy of asset records. An audit process will be included as part of the ICT Asset Management Policy and frequency and type of audit will be written into ICT process covering both managed devices and peripherals. | ICT Service Manager & ICT Operations Manager | 30/06/25 |
| | | | The broken links from ICT asset management software should be addressed. If these cannot be fixed an alternative process should be developed to ensure timely update of the asset register. | Fixes are underway to address this issue to ensure regular updates to the asset register. | ICT Service Manager & ICT Operations Manager | 30/06/25 |
| | | | The use of fields in the CMDB should be reviewed to ensure that they adequately capture and consistently record the data required to manage equipment (including peripherals) throughout the ICT asset lifecycle. | The asset management process review will ensure current processes are fit for purpose; changes where required will be made to improve the process. | ICT Service Manager & ICT Operations Manager | 30/06/25 |

| Ref | Priority | Finding | Recommendation | Management Response | Implementation | |
|-----|----------|--|--|--|--|-------------|
| | | | | | Responsible Officer | Target Date |
| M2 | Medium | The leavers process did not specify the need to return ICT equipment to ICT Services. As a result, ICT assets for leavers were not being redeployed efficiently. | An effective leavers process should be implemented to ensure that ICT equipment is promptly returned to ICT Services. | ICT Asset Management Policy will be created to address the requirement that leavers' ICT assets should be returned to ICT Services. | ICT Service Manager & ICT Operations Manager | 31/03/25 |
| | | Services were not returning items to ICT Services, instead re-assigning them to other users. | Procedures should specify how computers are re-assigned, and this should be communicated to all line managers. | To be addressed in ICT Asset Management Policy. | ICT Service Manager & ICT Operations Manager | 31/03/25 |
| | | No regular monitoring was being undertaken to compare leavers to users with assets recorded in the CMDB. | ICT Services should undertake periodic exercises reconciling leaver data to asset records and seek to recover assets no longer being used. | To be addressed in ICT Asset Management Policy i.e. include an audit process for leavers assets on a regular basis. | ICT Service Manager & ICT Operations Manager | 31/03/25 |
| M3 | Medium | There were several areas of control weakness within the disposal process resulting in inaccuracies to the CMDB, an inadequate audit trail for all assets, time consuming investigations and lack of accountability for assets. | The disposal process should be revised to ensure that there is a complete and accurate audit trail from end of life to confirmation of disposal for all assets. This should include roles and responsibilities for updating the CMDB and communicating the responsibility of end users to return any ICT equipment that is no longer required. | Asset management process review will ensure current processes are fit for purpose; changes where required will be made to improve process. | ICT Service Manager & ICT Operations Manager | 30/06/25 |
| L1 | Low | The disposal company handling computers had not provided disposal certificates for 1372 assets. | ICT Services should ensure that disposal certificates are obtained for all ICT equipment disposed of. | Meeting will be arranged with 3 rd party supplier to address and fix this issue. | ICT Service Manager & ICT Operations Manager | 31/01/25 |

Internal Audit Final Report

Corporate Service

Common Good Fund Asset Registers

| Description | Priority | No. |
|---|----------|-----|
| Major issues that managers need to address as a matter of urgency. | High | 0 |
| Important issues that managers should address and will benefit the Organisation if implemented. | Medium | 2 |
| Minor issues that are not critical but managers should address. | Low | 2 |

Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Substantial Assurance** can be given in that while there is generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls at risk.

Distribution:

Assistant Chief Executive - Corporate
Common Good Fund Officers, Corporate
Legal Manager, Conveyancing & Commercial, Corporate
Senior Community Development Managers, Corporate
Chief Officer, Legal & Corporate Governance, Corporate
Chief Officer, Housing & Communities, Place

Report Ref: HCP15/001
Draft Date: 06/11/24
Final Date: 11/11/24

1. Introduction

- 1.1 Common Good Funds are specific Council owned assets including buildings, land, land rights, artwork, regalia, furniture, stocks and shares, and cash funds. They are held and administered separately from other Council assets. Common Good Funds are principally for the benefit of the local community within the specified geographical boundary of the former burgh to which each Fund relates.
- 1.2 The Community Empowerment (Scotland) Act 2015 requires Councils to compile and publish registers of assets for all Common Good Funds under their jurisdiction. The Highland Council has 13 Common Good Funds, 3 of which have been recently re-established. As of 31/03/24 the net value of assets for all Common Good Funds was £48.9M (this included the value of investment portfolios held by Inverness and Nairn Funds, and current assets and liabilities).
- 1.3 Due to the size of the Council's estate and the quantity and complexity of historic legal records, there remained a possibility that a Council asset could be incorrectly classified as not belonging to Common Good. The primary way of rectifying this was for Common Good Fund Officers to research the legal underpinnings for assets. Also, as part of the Delivery Plan the Terra Tracker project is looking to validate and update data on Council land and building ownership, which may result in amendments to the Common Good Fund asset registers.

2. Main Findings

- 2.1 *There are effective governance arrangements in place to manage asset registers.*

This audit objective was achieved. There were adequate policies and procedures to manage asset registers. The principal Common Good Fund Policy refers to the Community Empowerment Act and mirrored the requirements of the legislation (there was a separate policy specifically covering disposal or lease at less than market value, see objective 3 for review of this). There was a governance

structure in place for decision making, with the Scheme of Delegation defining Member and Committee powers and there was evidence this was exercised accordingly regarding establishment of, and changes to, asset registers.

- 2.2 *Asset registers are accurate, complete, up to date and publicly available. Appropriate backup arrangements are in place.*

This audit objective was substantially achieved. All Common Good Funds had asset registers which were publicly available on the Council's website. 8 Funds' asset registers had been published in 2020 based on previous asset lists and as a result of the Community Empowerment Act were put to public consultation and then to the relevant Committee for approval.

The Common Good Fund Officers had been updating all asset registers to provide a more detailed legal justification for including assets. The primary objective was to identify title deeds where available for all assets. 5 of the 13 Funds were still being reviewed and the review is due to be completed in early 2025 with revised asset registers made publicly available.

Overall, the registers were accurate in that there was adequate legal documentation for a sample of assets, which justified their inclusion on the register.

There were a small number of inconsistencies between Common Good asset registers and other secondary records referencing Common Good assets held by other Council Services where items classed as Common Good by the other Services should not be (e.g. part of the general fund or held on trust). This may lead to potential inaccuracies in valuing Common Good Funds if assets are incorrectly recorded on secondary records used for valuations (See Action Plan Ref M1).

There was a mechanism for anyone to request a review of land, property or artefacts to assess if they are Common Good. The Terra Tracker project for example had identified a piece of land which was assessed as belonging to a Common Good Fund.

The majority of Common Good Funds had moveable assets, primarily portraits, furniture and robes & chains of office. The

Inverness Common Good Fund (which held the majority of moveable assets) had recently had an inventory taken of moveable assets. For the other Common Good Funds management recognised the need to establish a process of checking moveable assets. The last time assets had been checked was c.2019 in response to the Community Empowerment Act and a review is now being planned for 2024 (See Action Plan Ref M2).

There were adequate backup arrangements in place for Common Good Fund asset registers.

2.3 *Changes to asset registers (acquisitions, change of use and disposal) are controlled, subject to an audit trail and undertaken in compliance with all legal requirements.*

This audit objective was achieved. There were adequate policies setting out the process for change of use, outlining the legislative requirements for Common Good changes of use and disposal. Additional guidance on change of use process was on the Council's website.

Proposals for change of use were all listed on the Council's website and a sample of proposed change of uses showed there had been appropriate consultations in accordance with the Community Empowerment Act. An appropriate audit trail was held of representations and replies. Those changes that were enacted were done so appropriately (for example amending a lease, processing a sale or seeking court approval).

The disposal and change of use policy refers to legislation that lists requirements to be met determining whether an asset can be disposed of at less than market value. Not all reports to Area Committee on disposals showed whether this was applicable or had been taken into consideration. Communication and information sharing could be improved between Common Good Officers and other teams, notably with valuation data that affected a disposal being provided to the Common Good Officers (Action Plan Recommendation L1).

Some Common Good Fund Assets are classed as inalienable (i.e. a restriction exists preventing disposal). If there was a question of alienability an application should be made to the Sheriff Court or Court of Session to authorise disposal. For a small number of

assets on 2 registers it was not recorded clearly if they were classed as alienable or inalienable (See Action Plan Recommendation L2).

3. Conclusion

- 3.1 There were adequate governance arrangements in place to manage Common Good asset registers and evidence that policies and procedures were being correctly followed. This should minimise risk of reputational damage or legal challenge. A small number of updates to the registers and associated Council records would further improve Common Good Fund record keeping. Overall, the evidence showed that the administration of Common Good Funds' asset registers by Common Good Fund Officers was well managed.

4. Action Plan

| Ref | Priority | Finding | Recommendation | Management Response | Implementation | |
|-----|----------|--|---|---|--|-----------------------|
| | | | | | Responsible Officer | Target Date |
| M1 | Medium | <p>The Common Good Fund Officer had been updating all asset registers to provide a more detailed legal justification for including assets. The primary objective was to identify title deeds where possible for all assets. 5 of the 13 Funds were still being reviewed and the review was due to be completed in early 2025 with revised asset registers made publicly available.</p> <p>There were a small number of inconsistencies between Common Good asset registers and other secondary records which required update. It is likely that the ongoing review process above will identify further differences that will need to be updated.</p> | <p>On completion of the 2024/25 Common Good asset register review process, Common Good Fund Officers should liaise with relevant Services requesting that they update their respective records. Periodic comparisons and updates should take place to reflect changes to Common Good asset registers.</p> | <p>Following completion of reviews and reactivation of remaining funds in 2025, the Common Good Fund Officer will contact relevant services with an update to facilitate updates to Service records.</p> | Common Good Fund Officer | 31/12/25 |
| M2 | Medium | <p>Moveable assets for Common Good Funds out with Inverness had not been checked for location and condition since 2019. A process was being established but roles, responsibilities and timescales had yet to be formally agreed.</p> | <p>A formal process and timescale should be agreed to ensure moveable Common Good assets are periodically checked for location and condition with evidence recorded that this has taken place.</p> | <p>Senior Community Development Managers are progressing an audit of moveable Common Good assets. This will be complete by end of 2024/25 and reported back to the Common Good Fund Officer to update registers as appropriate.</p> | Senior Community Development Managers and Common Good Fund Officer | 31/03/25 |
| L1 | Low | <p>The policy refers to legislation that lists criteria for assessing whether an asset can and is to be disposed of at less than</p> | <p>When considering any proposal for Common Good Fund Asset disposal, evidence should be documented listing</p> | <p>The following information will be provided to Common Good Fund Officers and included in the report to Area Committee in</p> | Common Good Fund Officer | Immediate and ongoing |

| Ref | Priority | Finding | Recommendation | Management Response | Implementation | |
|-----|----------|---|--|---|--------------------------|-------------|
| | | | | | Responsible Officer | Target Date |
| | | market value. Not all reports to Area Committee on disposals specifically showed that this had been taken into consideration. There was also scope to improve communication and information sharing between Common Good Officers and other teams, particularly with valuation data that affected a disposal being provided to the Common Good Officers. | <p>requirements to be met in determining whether an asset can be disposed of at less than market value. This should be provided in any subsequent reports to relevant Committees.</p> <p>Good practice should be to retain evidence of this consideration in the relevant proposal's folder in SharePoint.</p> | respect of any decision-making purposes. Appropriate evidence will be retained in SharePoint. In providing a valuation in connection with a proposal to dispose of a Common Good land or building asset, the Area Surveyor responsible for the asset should confirm whether it represents a disposal for less than market value and, if so, confirm that the Disposal of Land by Local Authorities (Scotland) Regulations 2010 and/or The Subsidy Control Act 2022 regulations and conditions have been considered and complied with if relevant. | | |
| L2 | Low | 2 asset registers did not record classification of all assets as alienable or inalienable. | The asset registers should be updated to record for all assets whether they are alienable or inalienable. | This will be included in the register reviews and reactivation of remaining funds. | Common Good Fund Officer | 31/12/25 |