

The Highland Council

Minutes of Meeting of the **Audit and Scrutiny Committee** held REMOTELY on Thursday, 25 November 2021 at 10.30am.

Present:

Mr R Balfour
Mr B Boyd
Mr R Bremner
Dr I Cockburn
Mrs M Davidson

Mr G MacKenzie
Mr S Mackie
Mrs A MacLean
Mr D Macpherson
Mr P Saggars

Officials in Attendance:

Ms K Lackie, Executive Chief Officer, Performance & Governance
Mr E Foster, Head of Finance and Commercialism, Resources and Finance
Ms E Johnston, Corporate Audit & Performance Manager, Performance & Governance Service
Miss D Sutherland, Corporate Audit Manager, Performance & Governance Service
Ms C Campbell, Head of Service (Community Operations and Logistics), Communities and Place
Mr S Carr, Corporate Performance Manager, Performance & Governance Service
Mr M Watters, Freedom of Information and Data Protection Manager, Performance & Governance Service
Mrs M Grigor, Finance Manager (Corporate Budgeting, Treasury & Taxation), Resources & Finance
Ms F Cameron, Programme Manager, Infrastructure, Economy & Environment
Mr A Collins, Strategic Procurement Manager, Resources & Finance
Ms M Mackenzie, Commercial & Procurement, Resources & Finance
Mr J Campbell, Senior Auditor, Performance & Governance Service
Mr P Hankinson, Senior Auditor, Performance & Governance Service
Ms A Morrison, Customer Resolution & Improvement Team Leader, Communities & Place
Miss J MacLennan, Democratic Services Manager, Performance & Governance
Mr A MacInnes, Administrative Assistant, Performance & Governance

Also in attendance:

Ms J Brown, Audit Partner, Grant Thornton
Ms C Connor, Manager, Grant Thornton

**An asterisk in the margin denotes a recommendation to the Council.
All decisions with no marking in the margin are delegated to Committee.**

Mr G MacKenzie in the Chair

1. Apologies for Absence Leisgeulan

An apology for absence was intimated on behalf of Mr G Adam.

2. Declarations of Interest Foillseachaidhean Com-pàirt

There were no declarations of interest.

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

There had been circulated Report No. AS/22/21 by the Council's External Auditors (Grant Thornton) on the Annual Report 2020/21 to Elected Members and the Controller of Audit – Wider Scope and letter of representation Report No. AS/23/21.

Representatives from Grant Thornton presented the reports and key messages for the Committee.

During discussion, Members considered the following issues:-

- It was highlighted that a building had been demolished and was of nil value, but it was queried if the land would be worth something. It was clarified that where buildings/land were less than £20k, it was not recorded on the asset register in line with the CIPFA code. It was recommended in the audit report that a formal process be introduced to validate the continued existence and classification of an asset as the nature and use of assets could change over time. It was confirmed that work was ongoing to ensure that the Council's asset register was up to date.
- Progress on the list being prepared on what property/land assets the Council owned was requested. Also, under the Community Empowerment Act it was understood that the Council was to register online all assets in its ownership that could be taken over by communities.
- The Covid-19 pandemic had showed how important it had been for the Council to work with communities and the Services that communities had been able to provide. It had been 10 years since the Christie Commission report and not much progress was evident in the Council disaggregating its budgets to Area Committees and communities in order that they could be more involved in decision making on spending budgets.
- The work the Council's Business Gateway team had undertaken in disseminating Scottish Government business grants of circa £136m was commended. It was important that the Council supported local businesses and communities in providing services.
- The process of Councillors and Senior Officers confirming related parties disclosures had been highlighted for an action in the audit report and this was to be completed by April, 2022. Given that there were Local Government elections in May, 2022, there would be merit in looking at how related parties transactions were confirmed and controls in place to maximise returns by Councillors and Senior Officers.
- It was noted that Wick High School had been advertised by the Council at a price of only £50k. This was a significant building and the land on its own would be worth a considerable amount of money. Therefore, information on the process for the valuation and sale of properties was requested to be shared with Councillor Macpherson. By way of information, it was advised that the value of this building was impacted by its condition, age and asbestos issues and the building had now been sold.

- Further, when tenders were being issued for a new school for example, the budget for this was publicly available and therefore may give an advantage to potential bidders. It was queried if this budget information could be made confidential.

The Chair, on behalf of the Committee, thanked the External Auditors and Finance team for all their work on producing the accounts which showed that the Council was in a very positive position and thereafter, the Committee:-

- NOTED** the terms of the report;
- APPROVED** the Letter of Representation;
- NOTED** that information on the process for the valuation and sale of properties would be shared with Councillor D Macpherson; and
- NOTED** that consideration would be given to budgets set aside for new Council buildings being classified as confidential, given the potential advantage this information could give to bidders in the tendering process.

4. Audited Accounts 2020/21 Cunntasan Sgrùdaichte 2020/21

There had been circulated Report No AS/24/21 dated 11 November 2021 by the Executive Chief Officer Resources & Finance which presented the audited accounts of The Highland Council for financial year 2020/21.

Following consideration, the Committee **APPROVED** the audited accounts for signature.

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

There had been circulated Report No. AS/25/21 by the Corporate Audit Manager which summarised the final reports issued since the date of the last meeting, together with details of work in progress and other information relevant to the operation of the Internal Audit Section.

The final reports were presented as follows:-

- Resources & Finance/Housing & Property – Procurement: Off contract spend and reporting (Reasonable Assurance)
- Performance & Governance – Compliance with Data Protection Legislation (Substantial Assurance)
- Infrastructure, Environment & Economy – Leader Programme 2020-21 (Full Assurance)

During discussion, Members raised the following issues:-

- It was highlighted that the reports on the Leader Programme over the years had always been very good and recognition was given to the tremendous work of all staff involved in the Leader Programme;
- Leader funding had provided a significant financial and positive impact on Highland over the years, particularly in rural areas, but it was uncertain what would replace this funding. Details were still to be provided on how

the UK Shared Prosperity fund would operate as the intention was, that this would replace European funding.

The Committee **NOTED** the current work of the Internal Audit Section outlined at section 5 of the report and progress against the 2021/22 audit plan in section 6.

6. Action Tracking Report **Aithisg a' Leantainn Gnìomhachd**

There is circulated Report No. AS/26/21 dated 11 November 2021 by the Corporate Audit Manager which provided action tracking information.

In particular, the completion date for the review of information management had been rescheduled a few times and was now 31 March, 2022. The training on information management was part of a wider rollout of staff induction and had been impacted by a change in online learning systems. An undertaking was given to ask the Service if this action could be completed sooner than the revised target date, given the importance of staff induction and training to the organisation.

The actions relating to repairs and maintenance were originally planned for completion by March, 2018 and was now rescheduled. It was advised that there had been relaxations on action target dates due to Covid, but the Service had been advised that the target date for this action of April, 2022 was the final revision that would be agreed.

It was queried if there was liaison with other Council's in relation to fraud so that lessons could be learned. It was advised that Corporate Audit Manager was a member of the Scottish Chief Auditors group at which information was shared on incidents of fraud. The Council was also part of the national fraud initiative scheme and Audit Scotland produced reports on fraud, irregularity and highlighted particular cases which were reviewed.

In response to concerns that it may be possible to split contracts in order for Officers to approve contract awards under delegated amounts, it was highlighted that there were delegated sums given to Officers for award of contracts. The delegated sums related to individual contracts and therefore there should be no splitting of contract awards. Contract awards were made public and Management and the Procurement team should be monitoring award of contracts to ensure the process of award had been done correctly.

The Committee **NOTED**:-

i the action tracking information provided including the revised target dates for the completion of outstanding actions; and

ii that it would be requested that the mandatory staff training on information management which was to be included in the staff induction process be completed sooner than the revised target date of 31 March, 2022.

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

There had been circulated Report No. AS/27/21 dated 3 November 2021 by the Corporate Audit and Performance Manager which identified the Council's key strategic risks and the actions being taken to mitigate these.

During discussion, Members raised the following points:-

- In relation to flooding it was advised that while this was not a corporate risk, each Service did have their own business continuity plans in place should a flooding incident happen and there was also an escalation process.
- The Climate Change risk was in the process of being reviewed to ensure it was up to date. A report on Climate Change would be submitted to the next full Council meeting and an action plan would be produced. A revised audit risk on Climate Change would be submitted to the next meeting of this Committee.
- In terms of access and egress plans in Schools, it was queried if there would be any support provided to Head Teachers on this.
- In relation to corporate risk 5 – effective governance in local decision making, the timescales for the mitigating actions was queried. An undertaking was given to provide timescales for these actions.
- Discussions were ongoing as to whether participatory budgeting required to be monitored through the corporate risk process.
- in relation to the City Region Deal there should be a review of all the business plans to ensure they were deliverable.

The Committee **NOTED**:-

i the Corporate Risk Register provided at Appendix 1 and the risk profile at Appendix 2; and

ii an update would be provided to the Committee on the support available to Head Teachers on access and egress plans.

8. Corporate Complaints Performance Monitoring Adhartas Ghearanan Corporra

There had been circulated Report No. AS/28/21 dated 9 November 2021 by the Executive Chief Officer Communities & Place which provided performance information on complaints for the period 1 April, 2021 to 30 September, 2021, along with comparison data for 20/21.

Following consideration, the Committee:-

- i. **NOTED** the Councils 6-monthly complaint performance for frontline and investigation complaints under the Model Complaints Handling Procedure;
- ii. **NOTED** the continued and significant improvement in performance in Q2 across the Council corporately; and
- iii. **AGREED** to continue support the Council in handling complaints by signposting their constituents to the most appropriate channel for their query or complaint - https://www.highland.gov.uk/info/591/council_and_government/535/customer_services

9. Members Survey on the Effectiveness of Audit & Scrutiny Committee Suirbhidh Bhall mu Èifeachdas Comataidh an Sgrùdaidh

There had been circulated Report No. AS/29/21 dated 11 November 2021 by the Corporate Audit & Performance Manager which presented key findings on the Members survey on the effectiveness of Audit & Scrutiny Committee.

Following consideration, the Committee

- i. **NOTED** the key findings of the survey;
- ii. **AGREED** the survey continues to be conducted annually;
- iii. **NOTED** that training modules on internal audit, risk and performance management are available for online learning and these are being migrated to the new online learning system;
- iv. **NOTED** that a corporate training programme for Members is being finalised and will support Member's training, development, and induction in 2022/23; and
- v. **AGREED** to 2 informal meetings for Members each year. The first meeting in late March 2022 to provide an early opportunity to input to the development of the Internal Audit Plan due to Committee in June 2022.

The meeting ended at 11.55 a.m.