Agenda Item	4
Report No	AS/1/23

THE HIGHLAND COUNCIL

Committee:	**Audit & Scrutiny Committee**
Date:	**23rd March 2023**
Report Title:	**Internal Audit Reviews and Progress Report –16/11/22 – 10/03/23**
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 November 2022.

2.   Recommendations

2.1   The Committee is asked to:
  i.   consider the Final Reports referred to in Section 4.1 of the report
  ii.   note the current work of the Internal Audit Section outlined at section 5 of the report and the progress against the 2022/23 audit plan in section 6; and
  iii. note the reasons for the delay in producing the 2023/24 audit plan and that this will come to the June Committee for approval.

3.   Implications

3.1   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.

3.2   There are no Legal, Resources Community (Equality, Poverty, Rural and Island), Climate Change / Carbon Clever or Gaelic implications.

4. Audit Reports

4.1 There have been **3** final reports issued during this period as detailed in the table below:

Service Directorate	Subject	Opinion
Infrastructure, Environment & Economy	Visitor Management Plan Resources	Reasonable Assurance
Communities & Place	Review of Customer Resolution & Improvement Team	Reasonable Assurance

The following report will be considered in private by Members

Service Directorate	Subject	Opinion
Health & Social Care	Residential Care Units investigation	Not applicable

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.

5. Other Work

5.1 The Section has been involved in a variety of other work which is summarised below:

(i) <u>Audits for other Boards, Committees or Organisations</u>

Audit work has been undertaken during this period for the Pension Fund which was been reported to the Pensions Board and Committee, and High Life Highland which will be reported to their Finance and Audit Committee.

(ii) <u>Corporate Fraud, Whistleblowing concerns and other investigations activity</u>

The Single Point of Contact (SPOC) work is an ongoing commitment providing information to Police Scotland and the Department of Work and Pensions.

Previous activity reported to Committee includes the following:

- An investigation into misuse of a blue badge which has now been completed and reported to the Procurator Fiscal.

- Another investigation which resulted from a whistleblowing report is nearing completion and an investigation report will be issued to management.

New investigations started during this period include a case where an employee was not timeously terminated from payroll when they left the Council's employment and another where there are concerns about misappropriation of Council assets.

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 Committee to scrutinise.

6. Progress against the 2022/23 audit plan

6.1 Progress against the audit plan is shown in the gantt chart. This contains details are provided of all planned audits and any additions resulting from unplanned audits or investigations. In respect of investigations this information is added at the point that the system weaknesses draft report is issued as investigations may be complex and can be time consuming to complete.

The chart shows the dates that the key stages of each audit was completed except where the audit has rolled forward from last year and they occurred before 04/04/22, however, any stages after this date are shown.

Since the last report to Committee, there has been some slippage in performance against the plan due to the sickness absence of a member of staff and the Corporate Audit Manager's post being vacant. For the latter, the post was advertised, and interviews are presently being organised.

6.2 Performance information for quarter 3 together with the previous 2 quarters, is provided below.

Category	Performance Indicator	Target	2022/23 Actuals			
			Qtr 1	Qtr 2	Qtr 3	Qtr 4
Quality						
Client Feedback	(i) % satisfaction from individual audit engagements expressed through Client Audit Questionnaires (CAQ)	75	79	80	91	n/a
	(ii) % of Client Audit Questionnaires returned	70	100	86	100	n/a
Business Processes						
Timeliness of Final Report	(i) % of draft reports responded to by client within 20 days of issue	85	0*	14	50	n/a
	(ii) % of final reports issued within 10 days of receipt of management response	90	100	86	100	n/a

* This relates to 1 report during the Quarter.

6.3 Preparation of the 2023/24 audit plan has been delayed mainly due to the vacant Corporate Audit Manager post. In addition, the departure of the former Chief Executive has resulted in a number of changes in senior management who would normally be involved in preparation of the audit plan. As interim appointments have recently been made, the normal audit planning meetings will be arranged with the Chief Executive and ECOs in order that the audit plan can be prepared for approval by Committee in June 2023.

In the meantime, audits from the 2022/23 plan which are in progress will be carried forward into quarter 1 of 2023/24 for completion. The other main priority for this quarter will be completion of the work required for the Chief Audit Executive's annual reports in order that the Annual Governance Statements can be provided for the annual accounts. The audits not started by year-end of 2022/23 will be discussed with senior management and considered for inclusion in the 2023/24 audit plan.

Designation: Strategic Lead (Corporate Audit & Performance)

Date: 10th March 2023

Author: Donna Sutherland

Internal Audit Final Report

Infrastructure, Environment & Economy

Visitor Management Plan Resources

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	1
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 **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.

Distribution:
Executive Chief Officer – Infrastructure, Environment and Economy
Executive Chief Officer – Communities and Place
Head of Planning, Environment & Low Carbon Transport – Infrastructure, Environment and Economy
Head of Development & Regeneration - Infrastructure, Environment and Economy
Service Lead, Environment Dev Active Travel, Planning – Infrastructure, Environment & Economy
Outdoor Access & Long-Distance Route Manager – Infrastructure, Environment & Economy
Strategic Lead for Waste Strategy & Operations – Communities and Place
Tourism & Inward Investment Team Leader - Infrastructure, Environment and Economy

Report Ref: HIE18/003
Draft Date: 07/12/22
Final Date: 24/01/23

1.   Introduction

1.1   The 2021 Visitor Management Plan (VMP) was introduced to address the anticipated issues from an increased number of visitors to the Highlands as Covid restrictions were relaxed. Activity was largely funded from £1.5m allocated for visitor management in the Council's 2021/22 revenue budget under the following headings:

- Road management and improvements (£280k)
- Parking management (£250k)
- Access Rangers (£300k)
- Public toilets (£60k)
- Waste management (£180k)
- Motorhomes (£200k)
- Public transport (£60k)
- Other activities (£125k) – joint initiative with Cairngorms National Park Authority to improve visitor management in the Glenmore corridor
- Partner engagement – funded from existing budgets.

Where additional internal resources were required, such as staffing, these costs were met from existing service budgets.

A further £1.5m was allocated for visitor management activity in the 2022/23 revenue budget under broadly the same headings but with different indicative budget allocations.

1.2   The audit examined a sample of activities delivered by the Infrastructure, Environment and Economy Service and the Communities and Place Service, namely Road management and improvements, Parking management and Waste management, to determine if it had been completed on time and within budget. The way in which progress was monitored and reported was looked at and whether the intended outcomes of the 2021 VMP had been achieved.

The audit also reviewed the planning process for the 2022 VMP to ensure that feedback and evidence gathered relating to 2021 activity had been taken into consideration.

2.   Main Findings

2.1   *2021 VMP intended benefits delivered, and resources allocated effectively*

This objective was partially achieved. The planning process for the 2021 VMP began following the summer of 2020 with the formation of a cross-service Visitor Management Group (VMG). Representatives from Roads and Transport, Parking, Amenity Services, Waste Management, Environmental Health, Outdoor Access, Tourism and Public Relations were asked to identify the key issues experienced during summer 2020 and put forward service delivery proposals which could be implemented in 2021 to help alleviate these pressures. This information formed the basis of the 2021 VMP and the audit found that all activities could be mapped to at least 1 of the key issues identified.

The audit confirmed that the majority of sampled activity had been completed prior to the end of financial year 2021/22 e.g., the renewal of passing place signage, increasing the frequency of waste collections and additional parking enforcement activity. Where activity had not been completed, there were plans in place to complete the remaining works early in 2022/23. Whilst these had been completed within the allocated budget noted in 1.1, it was not possible to determine whether individual activities were over or under budget as this level of detail had not been provided in the 2021 VMP. However, it is provided as part of the 2022 VMP monitoring process. Existing internal resources had been used to deliver some of the activity, but it was not possible to quantify this and therefore determine the cost to the Council. For example, some waste management activity, such as roadside litter clearing, had been carried out by staff as part of their core duties and the cost was therefore absorbed by the existing Waste Management budget (see action plan M1).

Monitoring of the 2021 VMP was carried out by the VMG and reported to the Tourism Committee. The VMG met on a regular basis, apart from during summer 2021 when most of the activity was being undertaken. However, Local Operations Groups, which

are aligned to the VMG, met weekly during this period, and closely monitored visitor management activity in their area. A VMP Progress Report was provided to each meeting of the Tourism Committee up until its dissolution in June 2022 and this now falls under the remit of the Economy and Infrastructure Committee.

The key challenges to be addressed were set out in the 2021 VMP along with planned activity but key outcomes had not been specified or an evaluation framework put in place. Therefore, monitoring and evaluation, both during the service delivery phase and at the end of 2021/22, was limited to how much had been spent and to what extent an activity had been completed. To date, this is also the case for the 2022 VMP (see action plan H1).

2.2 *2022 Visitor Management Plan*

This objective was fully achieved. Access Rangers collected data from all over the Highland Council area and provided weekly Site Monitoring Reports between May and September 2021. An end of season debriefing session was held with Access Rangers and several recommendations for future activity were put forward in areas such as:

- Informal camping
- Motorhomes
- Fires
- Outdoor toileting
- Litter and fly tipping
- Roadside parking.

A 'Seasonal Access Rangers Annual Report 2021' was produced in November 2021 which provided a summary of this information. The public conveniences team also undertook research in the form of a survey of Highland Comfort Scheme providers (51 during 2021).

A workshop was held on the 05/11/21 involving relevant officers and Members to review the evidence gathered from 2021 activity and exchange views on what the priorities should be for the 2022 VMP. The VMG met on the 09/11/21 to review feedback from the workshop and identify priority areas of activity for the 2022 VMP.

A draft 2022 VMP was provided to the Tourism Committee on the 06/12/21 along with a detailed report on the Access Rangers activity and the results of the Highland Comfort Scheme survey.

3.   Conclusion

3.1   Sustainable tourism is one of the Highlands' most important industries and visitor management activity is crucial in supporting this. The exemplary work undertaken on visitor management across Council services was welcomed by Members at a meeting of the Tourism Committee on 06/12/21 and the audit also acknowledges the work undertaken by Services to deliver the 2021 VMP during a time of great change and uncertainty.

There is no doubt that the visitor management activity in 2021 and 2022, and associated £3m spend, will have had a positive impact on the issues it was intended to address. However, it is difficult to quantify this or state with any certainty what the actual outcomes were and whether value for money has been achieved. A 5-year VMP (2023 to 2027) has been drafted but funding for future VMP activity is currently uncertain. If VMP activity does continue from 2023, it is crucial that key outcomes are identified against which progress can be monitored and performance measured. It is also important that the true cost to the Council of delivering such a plan is known, that is both existing internal resources and additional revenue expenditure.

4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	**Target Date**
H1	High	For the 2021 and 2022 VMP, key outcomes had not been specified or an evaluation framework put in place. Therefore, monitoring and evaluation was limited to how much had been spent and to what extent an activity had been completed.	For future Visitor Management Plans, the following should be put in place: • Key measurable outcomes • An evaluation framework • Monitoring and reporting of performance both in terms of activity completed and progress against key outcomes • Monitoring and reporting of resources utilised, both in terms of additional internal resources and allocated revenue budget. These principles should also be applied to other funding programmes of a similar nature.	Any future Visitor Management Plans will include a section on monitoring and evaluation covering performance (both in terms of activity completed and progress against key outcomes) and in terms of resources utilised (both in terms of additional internal resources and allocated revenue budget). The results of future monitoring and evaluation will continue to be reported back on relevant future committees.	Service Lead, Environment Dev Active Travel, Planning/ Tourism & Inward Investment Team Leader	30/04/23
M1	Medium	Existing internal resources had been utilised to deliver some of the activity, but it was not possible to quantify this. This means that the true cost to the Council of delivering the 2021 VMP is not known.	For future visitor management activity, Services should specify the existing internal resources required to deliver each activity and put processes in place to ensure that this can be monitored and reported on as above.	As above: Services will identify relevant current revenue/capital spend against any future proposed VMP activity.	Service Lead, Environment Dev Active Travel, Planning/ Tourism & Inward Investment Team Leader (supported by those responsible for VMP planning and delivery in each Service)	30/04/23

Internal Audit Final Report

Communities and Place

Review of Customer Resolution and Improvement Team

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	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 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.

Distribution:
Executive Chief Officer, Communities & Place
Head of Community Support and Engagement
Customer Service Delivery Manager, Communities & Place
Customer Relationship & Improvement Manager, Communities & Place

Report Ref: HCP09/01.bf
Draft Date: 26/07/2022
Final Date: 10/03/2023

1. Introduction

1.1 The objective of the audit was to ensure that the Council's approach to developing and improving the response to statutory information processes as managed through the Customer Resolution and Improvement Team (CRIT) is being achieved by:

- Taking more care of people who need support to access statutory information process;
- Dealing with written complaints and enquiries courteously and on time;
- Valuing customer contacts made through statutory information process in order to help understand how to respond and improve communications; and
- Supporting staff to comply with timescales, help remove blockages and provide appropriate process and systems training.

1.2 The audit asessed progress on the delivery of the improvements that were outllined in the Communities & Place Commitee report "Approach to developing and improving customer and citizen contact and relationships" dated 19 August 2020 with a specific focus on those related to the CRIT team.

1.3 The audit considered the operation and activities of the Customer Resolution and Improvement Team. The CRIT's role, in conjunction with Services, is to improve performance and standards in relation to legislative process including complaints, FOI and data rights requests.

2. Main Findings

2.1 <u>Taking more care of people who need support to access statutory information processes</u>
Action has been taken to assist customers who need support to access statutory processes such as Freedom of Information requests (FOI) and complaints. However, there is a need to ensure that there is consistent support across services for vulnerable customers accessing these statutory processes. (See Action Plan M1)

<u>Dealing with complaints and enquires courteously and on time</u>
The CRIT Team Leader (TL) sample reviewed complaint responses from February 2021, but this was discontinued in October 2021 due to staff shortages. (See Action Plan M2)

A sample of customer CRM enquiries were examined and 5 (33%) failed to be resolved within the prescribed timeframe. One delay was due to the assigned officer having left the Council and the enquiry not being allocated to another officer. (See Action Plan M2)

The Council is a member of the Local Authority Complaints Handling Network (LACHN). LACHN information has not yet been used to identify if improvements are required to the Council's complaints process. (See Action Plan M2)

<u>Valuing customer contacts to help understand how to respond and improve communications</u>
Survey monkey questionnaires have been added to every customer complaint response. However, they have not yet been analysed to identify any trends or patterns which may require remedial action. (See Action Plan M3)

Complaint reports are provided to each Service, which allows them to track and monitor the timeliness of their responses. However, further scrutiny of Service response times is required to ensure that underperformance is identified and improvement action is taken when required. Additionally, analysis of the Council's general (non-complaint) enquiries is required to identify any areas where responses and overall communications can be improved. (See Action Plan M3)

<u>Supporting staff to comply with timescales, help remove blockages and provide appropriate process and systems training</u>
The CRIT will provide support to Services on an exception basis when significant bottlenecks are identified. The CRIT intends to discuss customer enquiry cases with Services on

a weekly basis, but so far these meeting have only been regularly held with Roads. (See Action Plan M4)

A Corporate complaints group, with representatives from CRIT and each Service was created in November 2021. The group's aim is to analyse performance data, identify best practice and secure improvements to its complaints handling process. Further development is required as only initial discussions have taken place to date. (See Action Plan M4)

An escalation process is in place within the CRIT team to manage where "when things go wrong meeting timescales". In addition, the Council's Performance and Governance Board, comprising of the Executive Chief Officers, provides an overview of cases that are overdue and a point of escalation. Also, the complaints training module has yet to be added to the Council's new training system. (See Action Plan M4)

3.   **Conclusion**

The review has found that many actions have been taken to develop the customer contact processes that are managed through the Customer Resolution and Improvement Team. Further evidence is required to demonstrate that these actions are achieving the desired outcomes. The implementation of the agreed recommendations should assist the CRIT in achieving these outcomes.

4.   Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Responsible Officer	Target Date
					Implementation	
M1	Medium	There are good examples of support being provided to vulnerable customers but the absence of system to record the needs of such customers may mean that the necessary support is not provided consistently across the Council.	Management should ensure that all vulnerable customers interacting with statutory process overseen by the CRIT team are supported through the process.	CRIT provide support to all customers who come through via the processes of complaints/FOI/VIP Enquiries and Data Rights Requests.

A vulnerable customer policy will be developed to ensure consistent standards of support across services as part of statutory processes. | CRIT Manager

CRIT Manager alongside My Council Project | Ongoing

30/11/23 |
| M2 | Medium | In terms of dealing with complaints courteously and on time:
(1) The complaint response quality checks were discontinued in October 2021 and were not analysed to identify if action was required to improve their quality and timeliness.

(2) 5 (33%) CRM customer responses exceeded the expected deadline. One delay was due to an officer leaving the Council without the enquiry being re-allocated to another officer. | (1) Management should reinstate the quality checking process, compare responses to the expected standards and identify if actions are required to improve the timeliness and courteousness of responses.

(2) Management should ensure that the existing quarterly reports in the Performance and Risk Management System (PRMS) are used by Services to identify trends in complaint responses times to improve awareness of overall performance and drive improvement for the Service and the Council. | Experienced CRIT members carry out a vigorous QA process on all responses that flow through this team. Wider quality checking of those responses is to be re-instated, however this is only as resources permit.

CRIT Manager attends Performance Governance board as required and Services have been advised of all information contained within the PRMS system. Management information is provided to service management teams to enable them to scrutinise and expedite responses. | CRIT Manager

CRIT Manager | Ongoing

Complete |

Ref	Priority	Finding	Recommendation	Management Response	Implementation Responsible Officer	Target Date
		(3) The Council has not reviewed LACHN information to assess the effectiveness of its complaints handling procedures.	(3) Management should review LACHN information to identify if improvements can be made to the Council's complaints handling process.	No LACHN benchmarking information exists at present, however the Council will work with the LACHN on identifying best practice on complaint handling.	CRIT Manager	Ongoing
M3	Medium	In terms of valuing customer contacts: (1) No trends or patterns have been identified from the completed Survey Monkey questionnaires.	(1) Management should analyse the Survey Monkey responses and identify any improvement actions.	It has been agreed corporately to use the Citizens Panel which has several questions on customer service and performance – these will be reviewed prior to the next survey being undertaken.	CRIT Manager and Strategic Lead (Corporate Audit & Performance)	30/06/23
		(2) The complaint reporting information is not being fully utilised to assess Service performance and to identify areas for improvement.	(2) Service management should use weekly CRIT reports to identify complaints close to their deadline to improve awareness and performance and the CRIT should escalate any concerns to the Performance and Governance Board for further review/action.	Management information is provided to service management teams to enable them to scrutinise and expedite responses. This sits alongside the cross-Council scrutiny and escalation processes in place through the Performance and Governance Board.	CRIT Manager, ECOs and SMTs	Ongoing
		(3) The volume, nature, and patterns of "general" customer enquiries are not fully understood.	(3) Management should assess the general customer enquiries to identify any improvements required to customer communications.	This will be considered as part of the My Council project as this relates to wider customer contact and response across the organisation and not merely those processes that are the responsibility of the CRIT team.	Interim Chief Executive	30/11/23

					Implementation	
Ref	Priority	Finding	Recommendation	Management Response	Responsible Officer	Target Date
M4	Medium	In terms of supporting staff to comply with timescales: (1) The CRIT has only been able to meet regularly (weekly) with Roads officers to discuss customer contacts.	(1) Management should schedule meetings with all Services to discuss customer contacts.	A priority system has been developed to meet with services – this started with Roads officers - and has continued with other Services as required. Attendance at SMTs is undertaken as required and requested to support. This sits alongside the new reporting system for SMTs.	CRIT Manager	Complete
		(2) The Corporate Complaints Group has not yet analysed performance data and identified best practice.	(2) Management should develop the Corporate Complaints Group to review, refresh and develop best practice.	This will be reviewed to determine the benefit a pan-service group could bring alongside the additional reporting and SMT supports that have been actioned.	CRIT Manager and Service Leads	31/08/23
		(3) An escalation process for "when things go wrong meeting timescales" has not been approved by the Executive Leadership Team.	(3) Management should ensure that the escalation process is approved by the Executive Leadership Team and promptly implemented.	An internal CRIT escalation process has been implemented. This sits alongside a cross-council escalation process through Performance and Governance Board. The new process through SMTs is a further point of escalation.	CRIT Manager, ECOs and SMTs	31/03/23
		(4) The complaints training is not widely available.	(4) The Complaints training module should be made available to all staff on to the Council's training system.	A new training module is currently under development between the CRIT manager and Learning and Development Manager	CRIT Manager and Learning and Development Manager	31/10/23