The Highland Council

Agenda Item	10
Report No	AC/34/24

Committee: Audit Committee

Date: 28 November 2024

Report Title: Action Tracking Report

Report By: Strategic Lead (Corporate Audit & Performance)

1.   Purpose/Executive Summary

1.1   The Public Sector Internal Audit Standards (the standards) requires the Chief Audit Executive to establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. Details of this process known as action tracking, is provided at section 5 of this report.

1.2   The outcome of this process is reported to the Audit Committee. This report provides details of the action tracking completed for all actions that had passed their agreed target date at the end of September 2024.

2.   Recommendation

2.1   The Committee is invited to scrutinise and comment upon the action tracking information provided including the revised target dates for the completion of outstanding actions.

3.   Implications

3.1   <u>Resource</u> – any resource implications arising from audit actions should be addressed by the relevant Services and where required, will be reported to Committee.

3.2   <u>Risk</u> – the implementation of the management agreed actions will improve the control environment and assist in reducing the risk exposure to the Council.

3.3   There are no Legal, 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. Action Tracking Process

5.1 The action tracking process was amended in November 2023 and operates as follows:
(1) Audit reports contain an action plan which details the areas of concern; management agreed action; target date for implementation; and the title of the Officer responsible for implementation.
(2) On a monthly basis those actions which have passed their agreed target dates are action tracked. This involves contacting the appropriate Manager(s) to confirm that their actions have been implemented. If a timely response is not received the matter is escalated to the appropriate Assistant Chief Executive.
(3) Where the agreed management action has not been undertaken, an explanation is requested. However, if this response is considered unsatisfactory, it is subject to further audit enquiry and/ or investigation. Where delays have occurred and the explanation provided is considered reasonable, a revised implementation date is agreed, and this is action tracked once this date has expired.

5.2 In addition to the above, monthly reports are provided to each of the Assistant Chief Executives detailing all outstanding recommendations within their service cluster which enables them to monitor progress leading up to the target dates when these should be completed. The monthly reports also detail the number of times a revised action date has been applied. As agreed at the September 2024 Audit Committee where a second revised action date is requested by the responsible officer approval is now required from the respective Assistant Chief Executive before this is agreed.

6. Action Tracking Results

6.1 Summary report
There are currently 120 agreed actions in progress, of which 46 (38%) have revised action dates.

The report attached as **Appendix 1** provides a summary of actions which have been subject to the action tracking outlined above. The table details the audits where management agreed actions had passed their agreed target date and were subject to action tracking at the end of September 2024. Overall, this shows that 6 (27%) of the 22 actions tracked had been completed with revised target dates agreed for the remainder.

We have closed one high priority action in relation to the audit of Climate Change Plans and Implementation as an alternative ongoing approach has been implemented to provide greater clarity on delivery and improve accountability and oversight. The recommendation related to developing an action plan, covering all activity, including costs where applicable and measurable outcomes, for consideration at meetings of the Climate Change Committee and the Highland Council in December 2023. The initial agreed management action required action plans to be provided by each thematic group.

The Climate Change and Energy Team Manager stated the following:
'recent changes to the Net Zero Programme's governance have been implemented, as discussed in the Climate Change Committee on 23/05/24. The revised approach is designed to align the programme with our Delivery Plan Portfolio, ensuring we meet our net zero objectives with a streamlined and robust governance structure.

The Net Zero Board has now been formally disbanded and its responsibilities integrated into the Delivery Plan Board. This shift is aimed at enhancing oversight and accountability, with the Climate Change Committee providing quarterly reviews of ongoing actions. This approach allows for continuous development, monitoring, and reporting, which is crucial given the evolving nature of national and local level understanding and the rapid advancements in technologies required to support net zero goals.

As a result, the responsibility for overseeing the Net Zero Programme has transitioned from the previous management structure, which relied on the Executive Chief Officers, into the framework of the Delivery Plan Board. This alignment removes fragmented oversight and brings the Net Zero Programme under a unified governance structure.

We recognise that creating a fully costed action plan remains challenging due to the varied maturity of necessary technologies and policies at the national level. However, this new structure positions us to adapt more effectively, making quarterly adjustments as needed to stay on track with our net zero commitments'.

The Climate Change Committee at its meeting on the 28/08/24 received and agreed the first set of project brief templates detailing the planned activity, milestones and measures of success for each project and noted this was an iterative process and further project brief templates would be brought to the Climate Change Committee for consideration. On 07/11/24 the Climate Change Committee received an update report on the Net Zero Programme and the second tranche of projects for inclusion in the Programme.

6.2 Actions with revised target dates
Action tracking at the end of September 2024 resulted in 16 actions with revised action dates associated with 4 audits, further details are provided below. The original target date for implementation and the most recent revised date are also shown in brackets.

Review of Capital Projects (Four actions, two Medium and two Low priority)

(i) Medium priority – All projects regardless of size should be subject to lessons learnt if there are significant variations in terms of budget, timescale or quality issues arise. These should be fed into the Capital Programme Board and Committee reporting as part of improved governance arrangements. Debriefs should detail the initial project budget and total final cost.
(Target date 31/03/23 revised to 31/03/25).

(ii) Medium priority - Clear written procedures and standards of capital reporting to Capital Programme Board and Committees should be agreed and implemented by management. Review all project management guidance and policies to ensure they are up to date and available to all relevant staff. (Target date 30/06/23 revised to 31/03/25).

A Capital Programme Manager has recently been appointed who will progress both actions. The Assistant Chief Executive - Place has confirmed a new revised action date of the 31/03/25 for both the above actions.

The two Low priority actions relate to review and update of the Contract Standing Orders, Procurement Manual and the Non-Competitive Action form. A review has been carried out of all guidance and documents and captured updates in relation to satisfying the recommendations, but further time is now required to build in guidance, revise templates in relation to the newly approved Community Benefit policy. A final extension is required to ensure that this is captured in relation to the new policy prior to publishing the revised guidance for Delegated Purchasing Authorities across the Council. (Target date 31/12/22 revised to 31/12/24).

Review of the arrangements in place to reduce the risk of fraud in procurement (Three actions, two Medium and one Low priority)

(i) Medium priority - Management should ensure that procurements are published in a regularly updated Contracts Register in accordance with Contract Standing Order 14.

(ii) Low priority - Management should consider providing potential suppliers with details of the Council's Report a Fraud web address in the Information to Suppliers documentation. Agreed, this will be added to tender documentation.

A review has been carried out of all guidance and documents and captured updates in relation to satisfying the above recommendations, but further time is now required to build in guidance, revise templates in relation to the newly approved Community Benefit policy. A final extension is required to ensure that this is captured in relation to the new policy prior to publishing the revised guidance for Delegated Purchasing Authorities across the Council. (Target date 31/12/22 revised to 31/12/24).

(iii) Medium Priority - Management should make purchasing officers aware of how framework agreements operate, ensure that they register for pricing information on the Scotland Excel website and where frameworks prices are not being honoured escalate to the Commercial & Procurement Shared Service. A review of information and how this is made available is underway

with plans to include a contracted supplier list on the intranet with details of frameworks and how to access pricing etc. Once complete a communication will be issued to delegated procurers on where to find information on the Council intranet and through registration on the Scotland Excel website. Provision of information around frameworks, is a complex area given the range of framework providers/number of frameworks used. (Target date 31/12/22 revised to 31/03/25).

<u>Corporate Landlord Model (Seven actions, one High, three Medium and three Low)</u>
The Corporate Landlord Model has been superseded by the Single Property Service. Actions are being progressed through the Single Property Service.

(i) High Priority – An appropriate project plan, in conjunction with other Council Services, to develop the additional property asset information-modules within the Corporate Property Database (Concerto), will be prepared, appropriately resourced, and actioned to capture and maintain key information to fulfil the corporate landlord function/Single Property Service. This Action will be complete by 31st March 2026. This revised timescale will allow for the new surveying team to be operational and the Module work in Concerto to be completed. (Target date 30/09/24 revised to 31/03/26)

(ii) Medium Priority - Management should (from a value for money and operational effectiveness perspective) identify additional surveying resources to establish the future costs and investment returns available from its corporate property assets. This Action will be closed by 31/03/2025. Interviews are arranged for November 2024 to recruit the Property Surveying Team. (Target date 30/09/24 revised to 31/03/25)

(iii) Medium Priority - Management should review, revise and re-issue the procedure for the identification, reporting and recording of unallocated, unused, or vacant properties. The Void Property Management procedure is currently being reviewed and once complete will be adopted by Council Staff involved in the management of Void General Fund properties. This Action will be completed by 31/03/2025, via the Property Management Team. (Target date 30/09/24 revised to 31/03/25)

(iv) Medium Priority - Management should consider whether the existence of devolved repairs and maintenance budgets is consistent with the underlying principle of the Corporate Landlord models where there is an expectation that all budgets and maintenance of all council owned and occupied buildings are centrally co-ordinated. Discussions are underway with Finance and Education colleagues regarding the transfer of the Devolved School Management (DSM) Property Budget. This action will be complete by 30/04/2025. (Target date 30/09/24 revised to 30/04/25)

(v) Low Priority - Financial Management review cost centres to identify if services have been properly coding expenditure to the repairs and maintenance expense head and if there is potential to transfer budget to the corporate landlord. This Action will be complete once the Finance Team have reviewed, identified and transferred all property related budgets held within the CiA Finance system to the Property Team. (Target date 30/09/24 revised to 31/03/25)

(vi) Low Priority - Management should revise for Council decision the scheme of delegation to fully reflect the role of the Housing & Property Committee as corporate landlord in the management of the Council's property. Additionally, the scheme of delegation should be revised to clarify the role of other Committee and Officers in the management of property. The Scheme of

Delegation will be revised in March 2025 and reported for approval to Full Council. (Target date 30/09/24 revised to 31/03/25)

(vii) Low Priority - Management should define the role and responsibilities of the Corporate Landlord in the purchase, transfer, and disposal of property. The requirement to involve the Corporate Landlord in all property decision making should be communicated to all involved parties. A revised Asset Management Board will be reconstituted by March 2025 to deal with Property Transfers/Sales/Disposals. (Target date 30/09/24 revised to 31/03/25)

<u>In-house bus operation income systems (Two Medium priority actions)</u>

(i) Medium Priority - A programme of regular random on bus ticket checks should be put in place. Now that vacancies have been filled in the Public Transport team, a programme of surveys of contracts is being planned, and the in-house routes will be included in this. On in-house routes these surveys will include ticket checks. The in-house bus team will supplement these checks to achieve a greater number of inspections than can be managed by the Public Transport team alone. (Target date 30/09/24 revised to 01/12/24).

(ii) A system to monitor declined payments will be put in place once the new staffing resource is recruited. This will also be included in the risk register and CCTV is being explored to mitigate this. A system is now in place with an additional member of staff to monitor declined cards on a daily basis, CCTV is used to support action taken. A draft risk register is to be presented to the next meeting of the Bus Service Improvement Board. (Target date 30/09/24 revised to 30/11/24).

Designation: Strategic Lead (Corporate Audit)

Date: 12 November 2024

Author: Jason Thurlbeck, Corporate Audit Manager

Appendix 1 - Audits where actions have passed their agreed target date and were subject to action tracking

Audit Name	Service Cluster	High		Medium		Low		Action Tracking Results			
		Due	Complete	Due	Complete	Due	Complete	Due	Complete	Revised action date	Percentage complete
Climate Change Plans and Implementation	Place	1	1 [i]					1	1	0	100%
Review of Capital Projects	Corporate			2	0	2	0	4	0	4	0%
Review of the arrangements in place to reduce the risk of fraud in procurement	Corporate			2	0	1	0	3	0	3	0%
Corporate Landlord Model	Place	2	1	3	0	3	0	8	1	7	13%
Governance of Arms Length External Organisations and Partnerships	People			1	1			1	1	0	100%
In-house bus operation income systems	Place	1	1	4	2			5	3	2	60%
Grand Total		**4**	**3**	**12**	**3**	**6**	**0**	**22**	**6**	**16**	**27%**
Percentage complete			**56%**		**40%**		**0%**				

[i] See commentary in paragraph 6.1.