

The Highland Council

Agenda Item	4
Report No	AC/8/25

Committee: **Audit Committee**

Date: **28 May 2025**

Report Title: **Action Tracking Report**

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

1. Purpose/Executive Summary

- 1.1 The Global Internal Audit Standards (the GIAS) require 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 each meeting of 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 March 2025. In addition, to the summary information previously reported to the Committee at 6.1, this report includes additional information to assist understanding of the profile in days of open actions to completion dates, and trend information showing agreed action completion rates.

2. Recommendation

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

3. Implications

- 3.1 Resource – any resource implications arising from audit actions should be addressed by the relevant Services and where required, will be reported to Committee.
- 3.2 Risk – 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 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 appropriate Assistant Chief Executive before this is agreed.

6. Action Tracking Results

6.1 Summary report

There are currently 73 agreed actions in progress, of which 34 (47%) have revised action dates.

The report attached at **Appendix 1** provides a summary of actions which have been subject to the action tracking outlined above. This details the audits where management agreed actions had passed their agreed target date and were subject to action tracking at the end of March 2025. Overall, this shows that 30 (64%) of the 47 actions tracked had been completed, with revised target dates agreed for the remainder.

In response to a request from Committee, additional information, is now provided in tables 1 and 2 below.

Table 1 profiles all open agreed management actions (as at 07/05/25) by the number of days until they are due to be completed.

Table 1 – Open management actions

	0 - 30 Days	30-60 days	60-90 days	Over 90 days	Total
High	6	7	0	8	21
Medium	11	14	0	23	48
Low	0	0	0	4	4
Total	17	21	0	35	73

Table 2 shows the action tracking completion rates previously reported to the Audit Committee during the financial year 2024/25. This details the number of actions tracked at the end of the month showing: number tracked (Due), number completed (C) and percentage completed (% C).

Table 2 – Completion performance

	July			September			November			March		
	Due	C	% C	Due	C	% C	Due	C	% C	Due	C	% C
High	10	5	50%	4	3	75%	2	1	50%	9	4	44%
Medium	14	6	43%	12	3	25%	9	5	56%	29	18	62%
Low	2	0	0%	6	0	0%	4	3	75%	9	8	89%
Total	26	11	42%	22	6	27%	15	9	60%	47	30	64%

6.2 Actions with revised target dates

Action tracking at the end of March 2025 resulted in revised target dates being agreed for 17 actions. These are in respect of 9 audits, further details provided below. The original target date for implementation and the most recent revised date are also shown in brackets. Further information has also been provided by way of management updates.

Cessation of Utilities (One High priority, two Medium actions)

- (i) High priority – Management should ensure that the Concerto Vacant/ Potentially Vacant report is reviewed following comparison with the Asset Management Plan/ analysis and after discussion with key officers/ Service to ensure that all properties have been included.

Management have provided the following update:

- The new Strategic Asset Management Board was reformed as of 28/03/25. It is chaired by the Chief Officer, Property and Assets and the Depute Chair is the Service Lead, Asset Management and Community Property. All Council Service Clusters are represented on the Board.
- The revised Void Property Management Procedure will be taken to the Strategic Asset Management Board for approval. The Energy Team will be

advised as part of this process if utilities are to be shut down on an interim or permanent basis.

- Void properties will be flagged on Concerto as becoming void and a list of void properties will be monitored by the Strategic Asset Management Board for repurposing, community asset transfer (CAT) or disposal.
 - Estates Officers and Maintenance Officers will be tasked with monitoring void properties within their geographical areas. (Target date 31/03/25 now revised to 31/08/25).
- (ii) 2 Medium priority actions – Management should ensure that the proposed new Void Property Management Procedure (replaces the outdated Instruction Note - Vacant Properties) is communicated to all relevant parties and additionally clearly outlines the responsibilities for sending/receiving all unoccupied property notifications (including properties subject to community asset transfer, mothballing, rental income generation and disposal).

Management update:

- The new Void Property Management Procedure will be taken to the Strategic Asset Management Board for approval. All service representatives will be made aware of which properties are vacant across the Council and will have input on recommending/ agreeing how all vacant properties are to be either retained, mothballed, offered for CAT, or disposed of. Void/vacant properties will be monitored/ tracked at every board meeting and appropriate management action taken. (Target date 31/03/25 now revised to 31/08/25).
- The monthly Strategic Asset Management Board Meetings will provide services with the opportunity to provide early updates on properties that are being considered for mothballing/ vacating or disposal. (Target date 31/03/25 now revised to 31/08/25).

Climate Change Plans and Implementation (Two High priority actions)

- (i) High priority - A timescale for the development of a Highland Council adaptation strategy should be set and produced in line with this timescale. Management has advised that the risk is now stabilised, with clear governance, staffing in place, and a credible delivery route. Remaining risk relates to data finalisation and ensuring continued service engagement. The draft strategy is scheduled to go to the Climate Change Committee in August 2025 with the final approved in Q4 2025. (Target date 31/03/24 now revised to 30/11/25).
- (ii) High priority - Ensure that there are complete, accurate and timely processes to capture and record emissions data. The systems and processes for collecting and collating emissions data (including baseline data) should be robust and effective in providing an efficient means to prioritise emission reduction activity, monitoring and management of emissions going forward. A timeframe for completion of this work should be determined to assist in the implementation of the Council's Net Zero Strategy.

Management update:

Pilot testing of emissions capture tools is expected over summer 2025, with a full governance framework to follow. Carbon budgeting will be aligned with the 2025/26 financial year to ensure integration into strategic planning.

- First Scope 3 Emissions Report (Insights Carbon): April 2025
- Pilot Testing of Emissions Capture Tools: Summer 2025

- Final Data Governance Framework: End Q3 2025
- Carbon Budgeting Alignment with Financial Year: 2025/26 (Target date 31/03/24 now revised to 30/11/25).

Common Good Funds Assets Registers (One Medium priority action)

- (i) Medium priority - 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.

Management have advised that the Community Development Managers completed most Common Good Fund movable asset checks with a robust plan to complete the smaller areas by the end of May. All items are on display at local museums and/ or council properties therefore at secure locations (Target date 31/03/25 now revised to 31/05/25).

Corporate Landlord Model (Three Medium, One Low priority action)

- (i) Medium priority – Management should review, revise and re-issue the procedure for the identification, reporting and recording of unallocated, unused, or vacant properties.

As detailed above, 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. (Target date 30/09/24 now revised to 31/08/25).

- (ii) Medium priority – Management should promptly implement a programme of utilisation surveys to ensure that its assets are being used to their full potential and underutilised assets are re-purposed.

Management have advised that area property reviews via the Strategic Asset Management Team have now commenced. The reviews will gather appropriate property related data and report to the Strategic Asset Management Board for action. (Target date 30/03/25 now revised to 31/03/26).

- (iii) Medium priority – Management should ensure that the Corporate Landlord receives accurate and timely information on corporate property so that fully effective property management decisions can be made.

A project to ensure that all Commercial Investment Estate asset data is entered into Concerto (and managed appropriately thereafter) will commence at the start of September 2025. (Target date 30/03/25 now revised to 30/09/26).

- (iv) 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.

Finance officers have provided assurance that the new CiA finance system will identify all property maintenance budgets by 31/03/26. (Target date 30/09/24 now revised to 31/03/26).

Procurement: Off contract spend and reporting (One High priority action)

- (i) High priority - A final decision should be made on the new framework and tender arrangements for Building Repair and Small Works (Trades Services). Given the value of expenditure this should be addressed as soon as possible in order to ensure that the arrangements in place are in compliance with procurement regulations.

Management have advised that the following actions are being undertaken:

- External Consultant Project Manager being appointed.
- Internal Project Board now established and progressing data reviews for the first phase of this project.
- Inner Moray Firth Trades Framework will be in place for September 2026.

(Target date 30/06/23 now revised to 31/08/26).

Residential Care Units Investigation (One High priority, One Medium action)

- (i) High priority - Management should ensure that the appropriate follow up action is taken following serious incidents involving children and Young People. This should consider all relevant factors that led to the incident and action that should be taken to prevent any further occurrences.
- (ii) Medium priority - The processes for the completion of Incident Reports and Violent Incident Reports should be reviewed and instructions prepared outlining when these should be prepared. These should be circulated to all staff to ensure that they are aware of the importance of completing the correct report in all circumstances. When reviewing completed reports, Management should provide feedback to staff with regard to:
 - Instances where the incorrect report was completed
 - Any corrective actions that have been taken
 - Any learning required.

For both actions above, management have advised that the existing processes in place are to be reviewed further, to determine whether to fully adopt Assure (Health and Safety incident reporting tool), to comprehensively include violent incident recording and to ensure that the required actions are met. However, as is currently the case all serious incidents will be reported through levels of management to ensure senior council officers are immediately aware of events. Members of the Occupational Health and Safety team are to meet with the Service (6 May) regarding a demonstration of Assure to make a decision on adopting use for residential services or not by end of that month. (Target date 31/08/23 now revised to 31/05/25).

Review of the use and control of imprests in Health and Social Care establishments (One Medium priority action)

- (i) Medium priority – Health and Social Care to standardise processes and recording. Specifically:
 - Implement spreadsheets which contain sufficient information for administrators, holders and managers to see what purchases are for, who purchased, whether the money was advanced to staff or for reimbursement and profile the type of spend.
 - Standardise forms for requesting cash to make a purchase (including to meet legislative requirements).
 - Standardise procedures on how to claim and access cash in out of hours or emergency situations, taking into account that administrators are not always on site.

Management update:

Revised target date based upon time required to further develop and implement a new cash withdrawal card solution which can provide for cash requirements in Children's service facilities, and recognising imminent transfer of responsibility for purchase cards between internal Council service teams. This would therefore provide for 3 potential purchase/ payment solutions in facilities, subject

to particular requirements (1-Imprests, 2-Purchase Cards and 3-Cash Withdrawal Cards). With the associated process and recording arrangements per the audit action being amended within this timescale also. (Target date 31/03/24 now revised to 30/09/25).

Verification of Statutory Performance Indicators (SPI) (One Medium priority action)

- (i) Medium priority – Management should ensure that all SPI Lead Officers and SPI Calculating Officers receive appropriate training and have access to the latest copy of the Internal Guide.

The Guide utilises the SPI Direction as set by the Accounts Commission. The Direction changes every two years, and a new one has just been published. Therefore, the guidance will be written on the basis of the new Direction. Work on data gathering for the annual SPI report for committee in March had been prioritised. (Target date 31/12/24 now revised to 06/06/25).

Workforce Planning Arrangements (Two Medium priority actions)

- (i) Medium priority - While it is accepted that workforce planning is an ongoing process, the use of target dates would provide a means of assessing whether actions were progressing with sufficient pace to ensure that future staffing requirements could be met and would assist in early identification of slippage.
- (ii) Medium priority - Reporting on progress against Workforce Plans should clearly highlight successful actions and those where further (or alternative) action is required.

For both of these actions, management has advised that Workforce Plans are to be reported to the May Committee cycle (Target date 31/03/25 now revised to 31/05/25).

Designation: Strategic Lead (Corporate Audit)

Date: 7 May 2025

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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	% complete
Business Continuity Planning	Corporate			1	1			1	1	0	100%
Cessation of Utility supplies	Place	1	0	2	0			3	0	3	0%
Climate Change Plans and Implementation	Place	2	0					2	0	2	0%
Common Good Funds Asset registers				1	0			1	0	1	0%
Corporate Landlord Model	Place			4	1	3	2	7	3	4	43%
Efficiency of Debt Recovery Arrangements	Corporate					1	1	1	1	0	100%
ICT Asset Registers	Corporate	1	1	1	1			2	2	0	100%
In-house bus operation income systems	Place			1	1			1	1	0	100%
Procurement Arrangements and Governance	Corporate					2	2	2	2	0	100%
Procurement of ICT Cloud Hosted Systems	Corporate	2	2	5	5			7	7	0	100%
Procurement: Off contract spend and reporting	Corporate	1	0					1	0	1	0%
Residential Care Units Investigation	People	1	0	1	0			2	0	2	0%
Review of Capital Projects	Place			2	2			2	2	0	100%
Review of Health & Safety Arrangements	Corporate					1	1	1	1	0	100%
Review of the arrangements in place to reduce the risk of fraud in procurement	Corporate			1	1			1	1	0	100%
Review of the control and usage of imprests	Corporate			3	3	1	1	4	4	0	100%
Review of the use and control of imprests in HSC establishments	People			1	0	1	1	2	1	1	50%
Roads Maintenance	Place			3	3			3	3	0	100%
Verification of SPIs	Corporate			1	0			1	0	1	0%
Workforce Planning Arrangements	Corporate	1	1	2	0			3	1	2	33%
Grand Total		9	4	29	18	9	8	47	30	17	64%
Percentage complete			44%		62%		89%				