

## **The Highland Council**

Minutes of Meeting of the **Audit Committee** held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on Wednesday, 28 May 2025 at 2.00pm.

### **Present:**

Mr C Ballance	Ms J McEwan
Mr B Boyd	Mr P Oldham
Mr R Jones (Remote)	Mrs T Robertson
Mr G MacKenzie	Ms M Ross
Mr D McDonald	Mr R Stewart (Remote)

### **Non-Members also present:**

Ms L Johnston  
Mrs A MacLean

### **Officials in Attendance:**

Mr A Gunn, Assistant Chief Executive – Corporate  
Miss D Sutherland, Strategic Lead (Corporate Audit)  
Ms S Armstrong, Chief Officer – Revenues & Commercialisation  
Mr S Fraser, Chief Officer – Legal and Corporate Governance  
Mr B Porter, Chief Officer – Corporate Finance  
Ms E Barrie, Head of People  
Mrs A MacPherson, Strategic Lead (Resources)  
Mr T Murdison, Service Lead (Corporate Property)  
Mr J Thurlbeck, Corporate Audit Manager  
Mr J Campbell, Senior Auditor, Internal Audit  
Mrs A MacKenzie, Pay & HR Transaction Manager  
Mr N Osborne, Climate Change Manager  
Mr M Watters, Corporate Performance and Information Governance Manager  
Miss J MacLennan, Joint Democratic Services Manager  
Mrs G MacPherson, Committee Officer

### **Also in attendance:**

Ms E Scoburgh, Audit Scotland

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

**Mrs T Robertson in the Chair**

### **1. Apologies for Absence Leisgeulan**

Apologies for absence were intimated on behalf of Mr M Baird, Mr L Fraser, Mr A Jarvie and Mr A Sinclair.

## **2. Declarations of Interest/Transparency Statement Foillseachaidhean Com-pàirt/Aithris Fhollaiseachd**

There were no declarations of interest/transparency statements.

## **3. Internal Audit Reviews and Progress Report Ath-sgrùdaidhean In-sgrùdaidh agus Aithisg Adhartais**

There had been circulated Report No. AC/7/25 by the Strategic Lead (Corporate Audit).

Prior to discussion, Members' attention was drawn to a report by the Accounts Commission, namely the 2023/24 Audit of Aberdeen City Council, where it was stated that an employee had embezzled over £1.1m over a 17 year period.

The Strategic Lead (Corporate Audit) shared that in light of the Accounts Commission report, the Revenues Team had temporarily suspended their own Council Tax refunds to check for any weaknesses within their own processes, to ensure this would not happen in Highland.

The update included copies of the following final reports issued:-

- a) People – Review of Financial Arrangements in Primary Schools (Reasonable Assurance)

During discussion, Members enquired as to the training available to new and acting head teachers. It was confirmed that induction training was provided for acting and new head teachers, in addition to mandatory financial training on Traineasy. A new structure was to be put in place to provide more support, but there was an expectation of head teachers, as the budget holder, to familiarise themselves with the financial software and associated training.

It was asked how, and if, the Education Service monitored the completion of training. As line managers were provided this information directly, the Strategic Lead (Resources) would review this and provide a response outside of the meeting.

Assurance was sought, and provided, regarding the removal of School Fund cheque signatories who were no longer employed by the Council.

- b) Corporate – Council Tax Refunds (Full Assurance)

Members were pleased to see Full Assurance had been given to the Council Tax Refunds Internal Audit Report and the Revenues Team was commended.

The Committee:-

- i. **NOTED** the final reports referred to in section 5.1 of the report; and
- ii. **APPROVED** 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.

## **4. Internal Audit Action Tracking Tracadh Ghnìomhan In-sgrùdaidh**

There had been circulated Report No. AC/8/25 by the Strategic Lead (Corporate Audit).

During discussion, Members emphasised the importance of responsible officers setting, and adhering to, realistic initial target dates.

In terms of the Corporate Landlord Model and Community Asset Transfers, it was asked if the Council would consider the use of buildings otherwise sitting empty by third sector groups. In response, it was said that this was being looked at by the Strategic Asset Management Board.

The Committee **NOTED** the action tracking information provided including the revised dates for completion of the outstanding actions.

## **5. Payroll Overpayments Update**

### **Cunntas às Ur mu Phàighidhean Anabarrach Rola-pàighidh**

There had been circulated Report No. AC/9/25 by the Assistant Chief Executive - Corporate.

Since the November 2024 Audit Committee, various steps had been taken to reduce salary overpayments, including a monthly staff newsletter to remind staff to check their pay and managers to keep Payroll updated. In addition to the statistics provided in the report, Members were informed that the overpayments for April and May 2025 were under £40,000, delivering payment accuracy of 99.95%.

While some Members were concerned that the amount of overpayment was £10,000 more in 2024/25 than the previous year, officers viewed the situation as improved as recommendations agreed at the June 2024 Audit Committee had been actioned. Measures to mitigate salary overpayments were effective and progress would continue to be monitored.

The Committee **NOTED**:-

- i. the progress in relation to the Audit Recommendations agreed at June 2024 Audit Committee including all actions are now completed; and
- ii. that a further report be brought to the November 2025 Audit Committee.

## **6. Review of Corporate Risks**

### **Ath-Sgrùdadh air Cunnartan Corporra**

There had been circulated Report No. AC/10/25 by the Assistant Chief Executive – Corporate.

During discussion, the following items were raised:-

- information was sought as to how risk ratings, in terms of likelihood versus impact, were calculated. In response, it was explained this would be addressed at the training session arranged after the conclusion of the Committee meeting; and

- concern remained about the Council having a sustainable and adaptive workforce.

The Committee:-

- NOTED** the Corporate Risk Register provided at Appendix 1; and
- NOTED** the risk profile at Appendix 2.

## 7. **Internal Audit Annual Report 2024/25** **Aithisg Bhliadhnail In-Sgrùdaidh 2024/25**

There had been circulated Report No. AC/11/25 by the Strategic Lead (Corporate Audit).

During discussion, the following items were raised:-

- the low number of Committee Members responding to the internal audit feedback survey;
- information was sought as to when the in-house bus operation report would be considered by the Economy and Infrastructure Committee;
- confirmation was sought, and provided by the Assistant Chief Executive – Corporate in the earlier Payroll Overpayments Update report, that the actions from the review of the Payroll Control Environment had been completed; and
- in terms of the review of the Health and Safety arrangements, due to be completed by 27 June 2025, the question was asked if the Council had enough Responsible Premises Officers to cover all its buildings. In response, it was confirmed that this was a matter reviewed regularly by Senior Management as the future operating model evolved.

The Committee **NOTED** the content of the report, the audit opinion provided and to raise any relevant points with the Strategic Lead (Corporate Audit).

## 8. **Fraud and Whistleblowing Annual Report 2024/25** **Cunntas Bliadhnail Foille agus Innsireachd 2024/25**

There had been circulated Report No. AC/12/25 by the Strategic Lead (Corporate Audit).

The Committee:-

- NOTED** details of the fraud investigations and activities undertaken as detailed in section 5.1 of the report;
- NOTED** the information at section 5.2 of the report including the low number of whistleblowing concerns requiring investigation; and
- NOTED** that where a fraud or whistleblowing investigation identifies any control weakness, fraudulent activity or areas for improvement, this will be addressed through an Internal Audit report which will be provided to Committee for scrutiny purposes.

## 9. **National Fraud Initiative (NFI) 2024/25 Exercise** **Eacarsaich Iomairt Foill Nàiseanta 2024/25**

There had been circulated Report No. AC/13/25 by the Strategic Lead (Corporate Audit).

The Committee:-

- i. **NOTED** the work in progress to support the NFI 2024/25 exercise;
- ii. **AGREED** the NFI in Scotland Self-appraisal checklist at Appendix 1 of the report for those charged with governance (N.B. the Audit Committee); and
- iii. **NOTED** the NFI in Scotland Self-appraisal checklist at Appendix 2 of the report provided by the Key Contact.

#### **10. Audit Committee Annual Report 2024/25 Aithisg Bhliadhnail Comataidh an Sgrùdaidh 2024/25**

There had been circulated Report No. AC/14/25 by the Audit Committee Chair.

Speaking to the Report, the Chair expressed disappointment at the low number of Audit Committee Members who had completed the self-assessment of good practice survey. This was a responsibility of being a Member of the Audit Committee and it was hoped there would be greater participation in next year's survey. In addition, the lack of participation online was highlighted as well as Members who didn't submit apologies in advance of Committee meetings. There had been a variety of scrutiny undertaken during 2024/25 and this would continue next year and Members were encouraged to continue with this function, an important role for them. Turning to deadline dates for completion of actions arising from Audits, and referring to earlier discussion at the meeting, realistic target dates needed to be set so responsible officers worked towards addressing issues within the timescale agreed.

The Committee:-

- i. **AGREED** the Audit Committee Chair's annual report including the identified areas for improvement. The report was provided at Appendix 1 of the report; and
- ii. **AGREED** that this report should be recommended to Council to acknowledge that the necessary assurances had been provided by the Audit Committee to demonstrate that it had fulfilled its purpose and can demonstrate its impact for 2024/25.

#### **11. Draft 2024/25 Annual Governance Statement Dreachd Aithris Riaghlachais Bhliadhnail 2024/25**

There had been circulated Report No. AC/15/25 by the Chief Officer – Corporate Finance.

During discussion, the following items were raised:-

- confirmation was sought that the strategy (business and financial) for the in-house bus service would be brought to the Economy and Infrastructure Committee;
- confirmation was also sought that the reporting of void properties would be brought to the Housing and Property Committee;

- it was confirmed that the Cessation of Utility Supplies related to all corporate properties; and
- re-structuring of the approach to the management and control of road maintenance was to be rolled out to teams and a request was made that this would also include all Members.

The Committee:-

- i. **NOTED** the draft 2024/25 Annual Governance Statement provided at Appendix 1; and
- ii. **AGREED** the re-structured approach to the management and control of road maintenance be rolled out to all Members.

## 12. Regulation of Investigatory Powers (Scotland) Act Achd Riaghladh Chumhachdan Sgrùdaidh (Alba)

The Council had made 4 applications for authorisation in terms of the Regulation of Investigatory Powers (Scotland) Act 2000 between 15 September 2024 and 31 March 2025. The applications involved 3 applications for directed surveillance and 1 for a covert human intelligence source (CHIS).

The Committee **NOTED** the number of applications and that the Council continued to be a modest user of the powers. A report would be forthcoming to the November meeting.

The meeting ended at 3.05 pm.