

The Highland Council

Agenda Item	3
Report No	AC/6/26

Committee: Audit Committee

Date: 27 May 2026

Report Title: Internal Audit Reviews and Progress Report – 16/01/2025 – 12/05/2026

Report By: Strategic Lead (Audit and Risk)

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 February 2026.

2. Recommendations

2.1 Members are asked to:

- i. **Consider** and **note** the Final Reports referred to in Section 5.1 of the report.
- ii. **Scrutinise** and **note** 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**.
- iii. **Agree** to the removal of the planned audit of Asset Management for the reasons set out in section 6.1 of the report.
- iv. **Consider** and **note** the SLACAIG Annual Report 2025 provided at **Appendix 2**.

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 **Resource, Legal, Health and Safety** or **Gaelic** implications arising from this report.

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. Internal Audit Reports

5.1 There have been four reports issued during this period as detailed in the tables below.

Service Cluster	Subject	Audit opinion
Place	Preventative Maintenance	Reasonable Assurance
Corporate	ICT & Digital Services – Review of Service Desk Support and Performance	Reasonable Assurance
Corporate	CiA General Ledger	Reasonable Assurance

The following report will be considered in private by Members:

Service Cluster	Subject	Audit opinion
Place	Harbours	Limited Assurance

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.

6. Internal Audit work in progress

6.1 Audits for the 2025/26 audit plan are in progress, and their current status is provided at **Appendix 1**. The Internal Audit Team has continued to make best efforts to ensure timely completion of this audit work. One of the planned audits was on the topic of asset management. However, Audit Scotland have recently commenced their Best Value 4 review of this area, therefore, it is proposed to remove this audit from the plan to avoid duplication and any additional burden on the Service associated with two similar audits.

6.2 The time required to complete the Internal Audit Team restructure including appointing a trainee auditor (with ongoing training needs), and recruiting to the vacant auditor post has resulted in fewer available audit days than originally anticipated when the audit plan was prepared. As a result, some audits which have not yet commenced, will need to be carried forward into the 2026/27 Internal Audit Plan. The Plan is provided as a separate agenda item for the Committee's approval.

7. Other Work

7.1 The Section has been involved in a variety of other work during the period which is summarised below:

- Audits for other Boards, Committees and Organisations

Audit work has been undertaken during this period for the Valuation Joint Board, Pensions Board and for High Life Highland which will be reported to the respective Boards/ Committees in due course.

- Attendance at HR & Payroll Programme Board

Audit representation has been requested on the Board in an independent non-voting capacity. The role being carried out by the Corporate Audit Manager is to act as the "critical friend" to assist in providing assurance in matters relating to internal controls, governance and risk management.

- Attendance at officer meetings for Inverness Green Freeport

Developing preparatory understanding of arrangements surrounding the role of the Highland Council as Accountable Body for the Inverness Green Freeport. The Green Freeports Framework sets a range of new expectations and assurance requirements including additional internal audit reporting requirements.

- Internal Audit Planning 2026/27

The 2026/27 Internal Audit plan has now been prepared, with planning meetings concluded with the Chief Executive and Assistant Chief Executives.

- Global Internal Audit Standards (GIAS)

Work continues implementing and embedding the requirements of the GIAS. A full self-assessment and gap analysis has been completed to inform new procedures and processes and to document an evidence base to assist in demonstrating conformance. The first report detailing conformance against the GIAS in the UK Public Sector is provided within the Internal Audit Annual Report 2025/26. (See separate Agenda item).

- Attendance at the Scottish Local Authorities Chief Internal Auditors Group (SLACAIG) meetings

The Council is a member of SLACAIG with the Strategic Lead (Audit & Risk) attending the quarterly meetings. In addition, there are also two sub-groups for computer audit and investigations which are attended by members of the Corporate Audit Team. A copy of the SLACAIG Annual Report 2025 is provided as Appendix 2.

The SLACAIG Annual General Meeting was held on 20th March 2026 when the Strategic Lead (Audit & Risk) joined the Management Committee and became a member of the External Quality Assessment Moderation Panel.

- Update of Staff Whistleblowing Policy

Policy updated to reflect the addition of a new protected disclosure for sexual harassment, referenced in the [Employment Rights Act 2025](#). Further details can be found in the Fraud and Whistleblowing Annual Report 2025/26 (see separate Agenda item).

- Corporate Fraud, Whistleblowing concerns and other investigations activity

The Single Point of Contact (SPOC) work is an ongoing commitment providing information to Police Scotland, the Department of Work and Pensions and the UK Immigration Enforcement Office. This work assists these organisations in investigating potential crimes and in making our communities safer. An allowance of time for these commitments is made within the Internal Audit Plan each year. We have seen an increase in activity in this area over the last reporting period.

We have a current commitment of 7 cases. This comprises of several active cases subject to investigation and those where the investigation has been concluded but there is ongoing recovery or has been reported to the Procurator Fiscal.

Ongoing investigations during this period include:

- Three ongoing Whistleblowing cases.
- One Payroll Mandate Fraud.
- Three ongoing investigations, two reported by the Service, one identified by Corporate Fraud team.

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 control weaknesses reports will be provided to the Audit Committee to scrutinise.

Designation: Strategic Lead (Audit and Risk)

Date: 30 April 2026

Authors: Donna Sutherland, Strategic Lead (Audit and Risk)
Jason Thurlbeck, Corporate Audit Manager

Background Papers: N/A

Appendices:

Appendix 1 – 2025/26 Internal Audits in progress

Appendix 2 – SLACAIG Annual Report 2025

Appendix 1 – 2025/26 Internal Audits in progress

Service	Audit Subject	Priority	Planned Days	Current Status	Planned Committee Reporting Date
2025/26 Audit Plan					
Place	Asset Management	High	30	Removal requested	-
Place	Roads Operations and Maintenance	High	30	Planning initiated *	CFWD 2026-27-
Corporate	IT Infrastructure	High	30	Fieldwork in progress	August 2026
People	Emergency Social Work Service	Medium	30	Substantially complete	August 2026
Corporate	Legal Services	Medium	30	Planning Complete	CFWD 2026-27
Place	Ferries	Medium	30	Substantially complete	August 2026
Place	Property Capital Projects	High	30	Planning initiated *	CFWD 2026-27
Corporate	Strategic Improvement	Medium	30	Not yet started	CFWD 2026-27
Corporate	Payroll	Medium	30	Fieldwork in progress	August 2026
People	Primary Schools	Medium	30	Not yet started	CFWD 2026-27
Corporate	Insurance	Medium	30	Not yet started	CFWD 2026-27
People	Early Years	Medium	30	Substantially complete	August 2026
People	Secondary Schools	Medium	30	Not yet started	CFWD 2026-27
People	Additional Support for Learning	Medium	30	Substantially complete	August 2026
Additional unplanned audit added					
Corporate	Review of Exit Packages	n/a	n/a	Fieldwork in progress	August 2026

* Once the Terms of Reference has been prepared, this will detail the planned Committee reporting date.



ANNUAL REPORT FROM THE CHAIR – 2025

“WORKING TOGETHER TO SUPPORT THE KEY ROLE OF INTERNAL AUDIT”

1. INTRODUCTION

- 1.1 Membership of the CIPFA Scottish Local Authorities Chief Internal Auditors’ Group (SLACIAG) is open to the chief internal auditor from each Scottish local authority and the Strathclyde Partnership for Transport (SPT). SLACIAG is a Special Interest Group of CIPFA in Scotland, with operational arrangements, vision, and objectives set out in a formal Constitution.
- 1.2 **SLACIAG’s Vision is to be the voice of internal audit across Scottish local authorities and a driving force for best practice in respect of local authority and public transport bodies internal audit, governance, and operations.**
- 1.3 In support of that **Vision**, SLACIAG has the following **objectives**:
- Secure a quality and responsive service for members of the group.
 - Develop the influence of the group with key decision makers and institutions in Scotland, as the key representative body for internal audit in local government with a particular emphasis on governance, risk, control and assurance matters.
 - Strengthen links and build long term relationships across the internal audit community within the public service.
 - Provide an effective group for the discussion of issues of common concern, sharing of good practice and commissioner of work to develop advanced practice.
 - Consider the development and training needs of our people as a collective to ensure that the best available products are procured at the best price.
 - Uphold the group’s key values, including: respect; openness and honesty; adding value; professional team working; sharing best practice; integrity; continuous improvement.
- 1.4 The purpose of this annual report to key stakeholders is to provide an update on SLACIAG’s activities and achievements over the course of 2025 and to recognise actions required to achieve its Vision.
- 1.5 SLACIAG has two long-established sub-groups whose activity is reflected in this report:
- the Computer Audit Sub-Group (CASG); and
 - the Scottish Local Authorities Investigators’ Group (SLAIG).
- 1.6 Further sub-groups were established by SLACIAG in 2023 to lead on development actions arising from the SLACIAG Conference held in June 2023 within specific themes, including risk, data analytics, resourcing, and sustainability/climate change. Their activity in 2025 is also referenced in this report.

2. MANAGEMENT COMMITTEE

- 2.1 I, Chief Officer Audit & Risk, Scottish Borders Council, was appointed as Chair of SLACIAG at the AGM in March 2025, continuing as Chair following a 2-year term during 2022-2023 to facilitate succession planning within the Management Committee. I previously served as Chair of SLACIAG during 2014-2015. In accordance with SLACIAG's Constitution, my term of office will expire after serving 2 years at the SLACIAG AGM in March 2026. The Chair of SLACIAG joins the meetings of the CIPFA Scotland Branch Executive Committee, as SLACIAG is a special interest group of CIPFA in Scotland.
- 2.2 Internal Audit Manager, South Lanarkshire Council, was re-elected as Treasurer of SLACIAG at the AGM March 2025 having initially been appointed to the role in June 2020. Treasurer provided regular updates on the financial position of SLACIAG to enable the Management Committee to plan activity.
- 2.3 The appointments to the SLACIAG Management Committee were approved at the AGM March 2025. New members were welcomed to the Management Committee, including each sub-group Lead to ensure all sub-groups were represented. The Chairs of both CASG and SLAIG participate in the Management Committee meetings to derive benefits from their sectoral expertise and to ensure synergy when forward planning the regular meetings.
- 2.4 There were some membership changes during 2025, as follows:

SLACIAG MANAGEMENT COMMITTEE 2025		
Chief Officer Audit & Risk	Scottish Borders Council	Chair SLACIAG
Internal Audit Manager	South Lanarkshire Council	Treasurer SLACIAG
Service Manager Audit and Risk Management	Fife Council	Member; Lead for EQA and Risk Sub-Groups
<i>Audit & Risk Manager (stood down June 2025 secondment)</i>	<i>East Dunbartonshire Council</i>	<i>Member</i>
Service Manager Internal Audit	East Lothian Council	Member; Lead for Sustainability/Climate Change Sub-Group
<i>Head of Audit (stood down June 2025 due to new job role)</i>	<i>Glasgow City and Shetland Islands Councils</i>	<i>Member; Lead for Data Analytics Sub-Group</i>
Audit Service Manager	Stirling Council	Member; EQA Moderation Panel
Chief Internal Auditor	Aberdeenshire and Aberdeen City Councils	Member
Chief Internal Auditor	City of Edinburgh Council	Member; Lead for Resourcing Sub-Group
Senior Manager (Audit, Fraud, Safety, Risk and Insurance)	North Ayrshire Council	Chair CASG
Corporate Fraud Team Leader	East Dunbartonshire Council	Chair SLAIG

- 2.5 There were Management Committee virtual meetings held in March, July and August 2025. The purpose of these meetings was to forward plan the SLACIAG Conference and SLACIAG and Sub-Group meetings, considering topics, setting dates and arranging speakers.
- 2.6 The Management Committee also oversees the External Quality Assessment (EQA) process, which is a peer review process established by SLACIAG to enable external validation of compliance with the Global Internal Audit Standards in the UK Public Sector (GIAS). The Management Committee monitors progress with completion against a recommended programme of reviews each year to ensure that all participating organisations comply with the requirement to undertake an EQA once every 5 years.

3. SCOTTISH LOCAL AUTHORITIES' CHIEF INTERNAL AUDITORS GROUP (SLACIAG)

SLACIAG Conference 2025

- a) The biennial SLACIAG Conference was held on Thursday 5 and Friday 6 June 2025 at Edinburgh Napier University (ENU) Craiglockhart Campus, an incredible learning campus with superb location and facilities, hosted by the Chair of SLACIAG. The event was attended each day by 95+ delegates from nearly all Scottish Councils' internal audit, risk management and counter fraud functions to invest in their learning and development.
- b) The Keynote speaker was the Director of Finance and Procurement at City of Edinburgh Council (CEC) outlining the Important Role of Internal Audit in Challenging times 'Navigating a New Era'. They shared their perspectives on the rapid changes and challenges in the local government sector and the profession of Internal Audit, setting out the opportunity to evolve and respond to these challenges using the new global internal audit standards to continue to add value through its vital role in councils across the country (not only in terms of providing assurance, but through insight and advice on a whole range of areas of work), and reflected on the road map of the future including the new skills requirements for audit and other assurance functions in a more digitised environment. This keynote speech acted as a catalyst for the workshop connections and collaborations over the two days.
- c) Furthermore, guest speakers were welcomed to cover key areas over the two days, including:
 - Chief Internal Auditor, City of Edinburgh Council: *Coordination and Resilience - Assurance Mapping*
 - Insurance Manager, City of Edinburgh Council: *Areas of emerging risk – Insurance Lead Officer perspective*
 - Head of Technical Content and Research, Chartered Institute of Internal Auditors: *Topical Requirements in new Global Internal Audit Standards in the UK public sector: Cyber security (approved; implementation February 2026); Third Party Supply Chain (being finalised; implementation 12 months from approval); and Organisational Behaviour (out for consultation)*
 - SLACIAG Resourcing Sub-Group: *Coaching and Mentoring Awareness Session - Overview of the proposed approach*
 - Head of IT, Fife Council: *Generative Artificial Intelligence (AI) – threat or opportunity for audit and fraud professionals in public sector, governance of AI*
 - Account Manager and Senior AI Solution Engineer, Microsoft: *Generative AI – the art of the possible*
 - Chief Officer (People Resources), North Lanarkshire Council: *Building a Sustainable Scottish Local Government Workforce for the Future – national developments in 2025*
 - Director CIFAS: *Failure to Prevent Fraud: New legislation and Fraud Risk assessments & Fraud Prevention Strategies*
- d) There were excellent networking opportunities for all delegates, significant sharing of knowledge and practice during the workshop sessions, and lots of suggestions for improvement actions in keeping with the conference title 'Connections Collaborations Catalysts'. This will help all delegates to collectively improve, challenge and strengthen the approaches and practices within their respective organisations in Scottish local government.

SLACIAG Meetings 2025

- 3.1 The Treasurer produced the 2024 annual accounts, which were considered in draft by the Group at the AGM in March 2025. Thanks to those at South Ayrshire Council for completing the independent audit of the 2024 Accounts. Thanks to SLACIAG Treasurer for her professionalism in fulfilling the Treasurer role and providing regular updates during 2025 on the financial position of SLACIAG which is important to ensure the Group remains financially sustainable.
- 3.2 There were three SLACIAG virtual meetings in 2025 with topics/speakers set out in the table below in addition to core business. The network continues to be strongly supported by members with a focus on significant and current issues.

Date	Topics / Speakers
21 March 2025	<p>AGM</p> <ul style="list-style-type: none"> • SLACIAG Annual Report 2024 (Chair) • SLACIAG Annual Accounts 2024 (Treasurer) • SLACIAG Subscriptions <p>Accounts Commission report IJB Finances</p> <ul style="list-style-type: none"> • The IJB CIAs from NHS boards were invited to the virtual meeting to discuss common issues raised within the Accounts Commission report (published 6 March 2025) Integration Joint Boards Financial Bulletin 2023/24 with key message "Reform urgently needed to tackle precarious health and social care finances". <p>Updates from Sub-Groups</p> <ul style="list-style-type: none"> • External Quality Assessment (EQA), Data Analytics, Resourcing, Sustainability/Climate Change, Risk
5 September 2025	<p>CIIA Internal Auditing Competency Framework</p> <ul style="list-style-type: none"> • Head of Technical Content and Research, Chartered Institute of Internal Auditors (CIIA), provided an overview of the Internal Auditing Competency Framework (published July 2025) using CIIA Global website. The overview covered: Competency in the Global Internal Audit Standards (Domains II, III, IV, V); Components of the Competency Framework; Using the Competency Framework. <p>SLACIAG Mentoring approach</p> <ul style="list-style-type: none"> • Chief Internal Auditor (Resourcing Sub-Group Lead and CAE City of Edinburgh Council) presented an overview of Mentoring, the recent work of the sub-group, the next steps in setting up the Mentoring approach for SLACIAG members (CAEs and their teams) and evaluating it in 2026. <p>External Quality Assessment (EQA)</p> <ul style="list-style-type: none"> • Service Manager Audit and Risk Management (EQA Sub-Group Lead and CAE Fife Council) provided an update on External Quality Assessment (EQA), completing the EQA2 programme and the March 2026 target date for the EQA Sub-Group to update the guidance and templates for the SLACIAG EQA3 process to meet the requirements of the Global Internal Audit Standards in the UK Public Sector (GIAS).

Date	Topics / Speakers
5 December 2025	<p>Risk Assurance Module</p> <ul style="list-style-type: none"> Risk Manager, Renfrewshire Council, presented an overview of the 'Business As Usual Risk Assurance Module' which they developed, and how this is used to obtain the annual assurances from Services to assist in formulating the Annual Governance Statement. <p>Strategic Risk Analysis in Scottish Councils</p> <ul style="list-style-type: none"> Risk Sub-Group presented an analysis of corporate risks on Scottish Councils' risk registers highlighting the themes of significant current risks as well as emerging risks. Risk focus to inform CAE horizon scanning for the development of Internal Audit Strategies and Plans 2026/27 for Scottish Councils. <p>Strategic Audit Review</p> <ul style="list-style-type: none"> Director of Audit Services, Audit Scotland, provided an outline of the strategic audit review process, timescales and any opportunity for SLACIAG, Councils and/or CAE engagement. <p>Accounts Commission S102 Report - Comhairle nan Eilean Siar Cyber-attack</p> <ul style="list-style-type: none"> Chief Internal Auditor, CAE City of Edinburgh Council, chaired a discussion on the learnings from the cyber-attack affecting operations and services at Westerns Isles Council, and used this to consider the GIA Topical Requirement on Cyber Security to assess risks and controls in Councils.

External Quality Assessment (EQA)

- 3.3 The EQA Sub-Group members set out below have been active in 2025 to oversee the completion of the EQA2 schedule and to plan the EQA3 schedule. The schedule of EQA3 peer reviews (involves 29 Councils with 21 CAEs due to shared services arrangements) was approved. Appointment to the vacancy on the Moderation Panel will be considered at March 2026 AGM.

EQA Sub-Group		Moderation Panel	
Service Manager Audit and Risk Management	Fife Council	Chief Internal Auditor	Argyll & Bute Council
Chief Internal Auditor	Orkney Islands Council	Audit Service Manager	Stirling Council
Chief Internal Auditor	South Ayrshire Council	vacancy	

- 3.4 Responsibility is on the reviewee Council CAE to meet EQA requirements and to keep their Audit Committee informed of any delays in meeting the 5-year timeframe. Access to the SLACIAG peer EQA process through SLACIAG membership provides a potential financial saving benefit with costs to have a similar exercise completed by an external supplier or body likely to be more than £5,000.

Sub-Groups

- 3.5 At each of the quarterly SLACIAG meetings during 2025 updates were received from the Sub-Groups in accordance with their respective terms of reference to derive significant benefits from them. The **Data Analytics Sub-Group** has fulfilled its purpose and was stood down in June 2025.

SLACIAG Knowledge Hub and Teams Channel

- 3.6 All Agendas, Minutes, and Presentations of SLACIAG meetings, Conference, EQA Framework Guidance, and other relevant documents are uploaded to the SLACIAG Knowledge Hub to enable access by all members in a secure way. New Members have been registered on the SLACIAG Knowledge Hub, including new starts from within audit teams of Councils, thus enabling greater participation. A new SLACIAG MS Teams channel hosted by Aberdeenshire Council has been created and used during 2025 to enable discussion content and document sharing, though there is scope for greater participation.

4. COMPUTER AUDIT SUB-GROUP

- 4.1 The main aim of the Computer Audit Sub-Group (CASG), which is a permanent sub-group of SLACIAG, is to provide a forum to share and discuss computer audit practices and developments. This includes raising awareness of new standards, updates to legislation, new and current topics of interest, and computer audit developments, resources, and techniques.
- 4.2 The role and outputs of CASG have been expanded during 2025 to cover IT/Cyber Security, Artificial Intelligence (AI), Data Analytics and Digital Transformation, in addition to core Computer Audit work to ensure the sustainability of the sub-group.
- 4.3 The Computer Audit Sub-Group (CASG) met two times in 2025, all meetings were virtual to ensure participation in the group remains good, with topics/speakers as follows:

Date	Topics / Speakers
09 April 2025	<p>Cyber Security Maturity Assessments Frameworks</p> <ul style="list-style-type: none"> • Head of Public Sector Cyber Resilience, National Cyber Resilience Unit, Scottish Government, was welcomed to deliver a presentation to the group, which was followed up by Questions and Discussions on how this could be used to comply with the GIAS Cyber Security Topical requirement which is mandatory by February 2026. <p>SEEMiS Audit Report Presentation</p> <ul style="list-style-type: none"> • Internal Auditor, Midlothian Council, highlighted key findings to the group from each of the control objectives from the audit report, and outlined the data analytics work which was undertaken to identify system users who were still on the system but were leavers.
05 November 2025	<p>Cyber Assurance and Data Analytics</p> <p>Internal Auditor, Strathclyde Partnership for Transport (SPT), delivered a presentation followed by group discussion, covering the following key elements:</p> <ul style="list-style-type: none"> • Begin the audit with an overview of cybersecurity standards. • Consider IIA guidance on cybersecurity, including topical issues and budget constraints. If complying with the Scottish Government framework then most likely you are complying with the IIA topical requirements. • Ensure policies and procedures are communicated to the right stakeholders and roles and responsibilities are clearly defined. • Check industrial control measures to safeguard assets and data flows across infrastructure components and preventing unauthorized access. • Undertake a self-assessment to identify gaps and control failures <p>Group discussion on use of AI across the Councils and to discuss about the recent AI training from Fife Council and Microsoft</p> <p>Group acknowledged that Council teams are all at different levels whilst the development of AI products is fast paced. Some Council teams are using free version whilst others have licenced version of CoPilot. There's an opportunity to learn from other Councils as AI Policies are developed.</p>

- 4.4 The Agendas, Minutes, and Presentations for CASG meetings 2025, where available, are uploaded to the SLACIAG Knowledge Hub (CASG sub-folder) to enable access by all members in a secure way.

5. SCOTTISH LOCAL AUTHORITY INVESTIGATORS GROUP (SLAIG)

5.1 The main aim of the Scottish Local Authority Investigators Group (SLAIG), which is a permanent sub-group of SLACIAG, is to provide a forum to share and discuss counter fraud practices and developments. This includes raising awareness of updates to legislation, new and current topics of interest, and developments in counter fraud activities.

5.2 The Scottish Local Authority Investigators Group (SLAIG) met four times in 2025, all meetings were virtual, with topics/speakers as follows in addition to core business:

Date	Topics / Speakers
12 March 2025	<p>Polygamous Working Presentation on case at Stirling Council. Sharing of red flags identified during the investigation and of steps required to ensure similar cases are suitable for criminal proceedings.</p> <ul style="list-style-type: none"> • Stirling Council
12 June 2025	<p>NHS Bribery Presentation on a recent case involving employees of NHS and of directors of a company who had been awarded a contract by NHS. Details provided of investigation methods deployed and red flags identified by the investigation.</p> <ul style="list-style-type: none"> • NHS Scotland <p>NFI Data Matching exercise Update on the current position and sharing of good practice for the sifting and investigation of matches.</p> <ul style="list-style-type: none"> • Audit Scotland
25 September 2025	<p>Proposed Fraud Landscape Report and Fraud Apprenticeship Scheme Input from Scottish Government providing an overview of a proposed Fraud Landscape Report and of a proposed Fraud Apprenticeship Scheme in partnership with Skills Scotland.</p> <ul style="list-style-type: none"> • Scottish Government
10 December 2025	<p>Tenancy Fraud detection tool Presentation on a tool developed by Lintels which searches online booking platforms.</p> <ul style="list-style-type: none"> • Lintels <p>NFI Data Matching exercise Presentation on current position of the NFI data matching exercise, deadline for completion of exercise for inclusion in next report, tips on investigation of creditors matches and of forthcoming pilot with Airbnb.</p> <ul style="list-style-type: none"> • Audit Scotland

5.3 One specific task assigned to SLAIG was the Benchmarking on fraud activity and resources to align with the vision and objectives of SLACIAG and SLAIG's Terms of Reference. The proposal was agreed in March 2025 that all local authorities will participate in a benchmarking exercise which is ongoing. The core content of the exercise will include resources, training, and outcomes.

5.4 All Agendas, Minutes, and Presentations of SLAIG meetings, and other relevant documents are uploaded to the SLAIG Knowledge Hub to enable access by all members in a secure way. Articles and discussion forums are shared to provide fraud risk insights relevant to the local government sector.

6. CONCLUSION

- 6.1 Notwithstanding the challenges that continue to affect our organisations, SLACIAG and its Sub-Groups have had another successful year, as evidenced by the number of delegates investing in their learning and development through their engagement during the 2-day in-person Conference in June 2025 and through participation in our virtual meetings, the range of topics discussed and the outputs created. This provides significant benefits to our members and their teams.
- 6.2 During the year Chief Audit Executives (CAE) considered significant matters facing our organisations such as Financial Sustainability Risks and Cyber Security Risks, shared approaches being taken to implement the new Global Internal Audit Standards, assessed their impact on the provision of assurance and advisory services, discussed key issues facing our assurance functions, including resourcing, workforce planning, skills and knowledge mix, and shared approaches being taken to address these, and focussed on specialist themes including data analytics, counter fraud and crime, climate change and sustainability.
- 6.3 In line with their remits the CASG and SLAIG Sub-Groups focussed on matters that are affecting our organisations and our functions/individuals. The Sub-Groups are excelling in their exploration of specific matters to the benefit of the wider Group and its members. I give thanks to those who volunteer their time to achieve this.
- 6.4 I would like to thank the Management Committee and the Leads of our Sub-Groups for their work in organising meetings and responding to the challenges that have arisen. I would also like to thank our speakers for giving up their time to join us at our virtual meetings during 2025 and assist us in enhancing our effectiveness as providers of assurance and compliance services.
- 6.5 My thanks are also extended to our members for their support, as evidenced by engaging in the 2-day in-person Conference in June 2025 and participating in our virtual meetings during 2025, but also by the generous advice and assistance provided in relation to the myriad of audit, risk and governance questions which have arisen within our membership during the year. SLACIAG relies on the dedicated and hard-working public sector professionals within its membership, recognising the time and effort of those members who volunteer their time to plan and deliver these events. We look forward to the learning and development opportunities in 2026 to support us in fulfilling the roles and responsibilities of CAE and Internal Audit functions, and the wider functions covered in some organisations.
- 6.6 CAEs are asked to distribute the SLACIAG Annual Report 2025 to key stakeholders within their organisations, in particular the Audit Committee or equivalent, to highlight the value of this forum.

Chief Officer Audit & Risk, Scottish Borders Council

Chair of SLACIAG

10 March 2026

Internal Audit Final Report

Place Cluster

Preventative Maintenance

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:

Assistant Chief Executive, Place
Chief Officer, Property & Assets
Service Lead, Corporate Property
Strategic Lead (Asset & Property Management)
Property Manager

Draft Date: 26/02/2026
Final Date: 23/04/2026

1. Introduction

- 1.1. The audit examined how the preventative maintenance (PM) programme was delivered, focusing on whether it was aligned with the Council's long term strategic plan and effectively targeted at the buildings most in need of investment. This covered both works required for statutory compliance (e.g. gas testing, fire and security) and more routine preventative maintenance (e.g. painting of external windows, doors etc.). The audit considered how decisions were made about which properties to maintain, particularly in the context of a growing maintenance backlog and within available resources. The audit therefore focussed on how effectively the available budget was used, rather than looking at the process around determining what the budget should be which rests ultimately with the Council.
- 1.2. The audit also assessed whether there was evidence of the preventative maintenance programme helping to reduce the risk of building failure, improve asset condition, and support the effective delivery of Council services.
- 1.3. The Council's Strategic Asset Management Plan 2025/27 estimates a projected backlog of essential maintenance work totalling £217,108,910, underscoring the scale of the challenge ahead to restore safety, functionality, and long-term sustainability across the Council's key assets. In response the Property Maintenance Team has initiated a rolling programme of condition surveys to gain a clearer understanding of the current state of the estate. This data-driven approach is intended to inform future investment decisions, prioritise critical works, and support the development of a long-term strategy for restoring safety, functionality, and sustainability across the Council's key assets. The main priorities for property maintenance are to ensure all properties meet health and safety and statutory compliance requirements; focus on planned and preventative maintenance to reduce costly reactive repairs; and use condition surveys and data to guide investment and manage long-term risks. The Council has 1,482 buildings across its estate (excluding housing).
- 1.4. Failure to properly maintain the Council's estate increases the likelihood of structural or system failures, posing a direct threat

to the reliability and continuity of service delivery. The Highland Investment Plan (HIP) workstream of the Council's Operational Delivery Plan (ODP) included a project to improve asset condition/reduce risk for general fund assets. The annual capital budget within the 5-Year generic Property Programme was originally £8.655m. However, due to overcommitment in 2024/25 was reprofiled to £6.7m for 2025/26. The revenue budget for Property Maintenance in 2025/26 was £7.966m, which included the previously approved £2m per year for three years to address priority risks and prevent property failures.

- 1.5. The Council's Corporate Risk Register (February 2026) records a risk for Provision of Safe and Effective Property. The risk rating for this risk was 15 (impact 5, likelihood 3) with a target risk rating of 4. This risk represents the only corporate risk carrying the maximum impact rating of 5. Mitigating actions include improving asset condition/reduce risk for general fund assets by developing a data driven programme of works for targeted condition improvements. However, the project status was rated as amber and noted challenges in recruitment and a risk of insufficient budget to address works identified by condition surveys. Other mitigating risk actions included migration of property assets and property resources, strategic asset management as well as single public estate.

2. Main Findings

2.1 *Preparation of the Programme*

This objective was partially achieved. A structured process existed for preparing the preventative maintenance programme, supported by a clear budget setting approach, an updated PM policy and the use of the Concerto (property) system to manage asset data and scheduled tasks. The audit confirmed that a revenue budget was in place, showing transparency and active monitoring. The data used to build programmes was accurate and timely and the new Maintenance Planning and Planned Preventative Maintenance Spend Policy provided a clear and concise framework for roles and responsibilities.

However, there were areas identified where the preparation process could be strengthened to ensure the PM programme was consistently completed and strategically aligned. The audit found

that not all maintenance contracts and asset records had yet been migrated to Concerto, resulting in a hybrid environment where some information remained on legacy systems such as a shared drive and Viewpoint. This created inconsistencies in visibility across the estate and limited the ability of managers to rely on a single authoritative source for planning (See Action Plan Ref M1).

While the service had made positive progress in developing a more coordinated approach to prioritising PM works, the framework was not yet fully formalised. Condition survey results, Maintenance Officer feedback and strategic asset considerations were used in practice, but the process was not documented in a way that ensured consistency or supported long term strategic alignment. Formalising the prioritisation framework would help ensure that priorities were clearly justified, transparent and updated in line with budget cycles and strategic objectives (See Action Plan Ref M2).

Overall, strong foundations existed and recent developments indicated a clear direction of improvement. However, gaps in system integration, financial planning documentation and the formalisation of the prioritisation framework reduce the level of assurance that can be given.

2.2 *Delivery of the Programme*

This objective was partially achieved. The delivery of the preventative maintenance programme was generally well controlled, with effective processes in place for scheduling work, allocating contractors and managing unplanned or emergency activity. Property condition surveys were scheduled and completed within the defined cycle, with condition grades and prioritisation consistently recorded. Delivery plans were aligned with service delivery priorities and monitored through the Performance and Risk Management System (PRMS), providing visibility of milestones, risks and progress against strategic objectives. In addition, statutory maintenance requirements such as gas safety checks were undertaken to ensure buildings remained safe and compliant.

Arrangements for allocating work to contractors were also found to be robust. Testing confirmed that contractor selection complied with procurement requirements, appropriate authorisation was

obtained and scheduling decisions were made with consideration of service disruption. Evidence from system records and officer responses demonstrated that these controls were operating effectively and consistently across the sample tested.

A structured, risk-based process existed for managing emergencies and other unplanned works. Maintenance Officers submit detailed proposals supported by photographs, reasoning, priority ratings and risk assessments. These were reviewed and approved through clearly defined governance arrangements, ensuring high risk and urgent issues were addressed promptly while maintaining budgetary oversight.

However, two areas were identified where controls over delivery can be strengthened to improve assurance and efficiency. While quality checks of contractors' work were reportedly undertaken, in practice the evidence retained to demonstrate that checks had occurred prior to payment was inconsistent. Quality assurance activity was not yet supported by a formalised and consistently applied procedure, and documentation was not always attached to job records. This limited the level of assurance that payments were made only after work has been verified as complete and compliant with the required quality standard. (See Action Plan Ref M3).

In addition, although reactive maintenance (unplanned work carried out in response to a building component or system failing) was funded through day-to-day budgets, there was no formal process to assess its operational impact on planned or cyclical maintenance programmes. Reactive overspend was offset by underspend on other maintenance budgets rather than through a structured review of whether planned works should be brought forward, combined, or rescheduled to optimise efficiency. As a result, there was a risk that opportunities to reduce duplication, improve coordination or achieve cost efficiencies may have been missed (See Action Plan Ref M4).

Overall, the delivery of the PM programme was supported by effective operational controls, with clear governance over contractor management and robust processes for handling emergency and unplanned work. However, the absence of consistently documented quality assurance evidence and a formal

mechanism to assess the interaction between reactive and planned maintenance reduced the level of assurance that could be provided. Addressing these areas would strengthen transparency, improve value for money, and enhance overall confidence in the delivery of the programme.

2.3 *Monitoring of the Programme*

This objective was fully achieved. Robust arrangements were in place to support monitoring of the preventative maintenance programme, with multiple mechanisms providing visibility of performance and risk. Performance dashboards were produced through PRMS, aligned to the ODP, and included relevant Key Performance Indicators (KPIs), milestones and risk indicators. However, whilst indicators have been defined to evaluate the effectiveness of the preventative maintenance programme, data for these are calculated annually, so were not yet completed for year 2025/26.

Performance information was subject to senior management oversight. Minutes from the Strategic Asset Management Board demonstrate that dashboards and associated KPIs were reviewed, with documented discussions, agreed actions and clear ownership. This provided assurance that monitoring activity informed decision making and active management of performance issues.

Contractor performance was monitored effectively for the service contracts included in the sample. Performance Indicator reports or equivalent monitoring documents were available for each of these contracts, consistent with the reporting requirements set out in the contract specification. These included service level agreement related information, updates on service delivery and service reports submitted by contractors that had been approved by the Contract Administrator prior to use. This provided a clear and structured approach to monitoring service quality and contractual adherence, reducing the risk that underperformance went unidentified. Overall, monitoring of the PM programme was supported by strong systems, clear governance, and active senior oversight. The use of PRMS dashboards, reviews and structured contractor performance monitoring demonstrated good practice.

3. **Conclusion**

3.1 The Council was prioritising the need to improve asset condition and reduce risk for general fund assets through its ODP and a workstream in the HIP. The Provision of Safe and Effective Property was recorded on the Council's Corporate Risk Register as a high risk. This area of strategic risk was further recognised within the 2025/27 Strategic Asset Management Plan estimating a projected essential maintenance backlog of ~£217 million. This level of projected maintenance backlog represents a high-level corporate risk, potentially affecting the safety, functionality, and long-term sustainability of the estate. The planned rolling programme of condition surveys aims to build an accurate picture of asset condition. Thereby enabling better prioritisation of critical health and safety requirements, promoting planned and preventative maintenance over reactive repairs, and guiding future investment decisions.

The audit provided Reasonable Assurance that appropriate processes and controls were in place across all three areas reviewed and were generally operating as intended. Good practice was evident, and there was a clear framework to support effective delivery of the PM Programme in the context of the available budget. However, weaknesses were identified in the consistent application of processes, the completeness of supporting documentation, and the strength of oversight arrangements. These issues did not undermine the overall approach but if not addressed, may reduce the level of assurance over time. Due to PI data for 2025/26 not yet being available, it was difficult to currently evaluate how effectively the PM Programme was maintaining or improving the property estate within the available budget.

4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M1	Medium	Not all maintenance contracts have been migrated to Concerto, some remain on an internal "K" Drive or Viewpoint, limiting visibility and consistency.	All relevant maintenance contracts and schedules should be migrated from legacy systems to Concerto. A formal reconciliation should be undertaken to ensure no tasks remain outside Concerto.	Work is already underway to migrate, where appropriate, the remaining maintenance contracts and associated schedules from legacy systems into Concerto. This is being done in accordance with existing contract requirements, whereby if a contract is re-procured or extended then the new contract or the extended contract will be migrated to Concerto. Not all contracts will be suitable to manage within Concerto, some such as 'lifts and mobility aids' would not be suitable for Concerto as it covers non THC assets.	Service Lead (Corporate Property)	01/04/2028
M2	Medium	While strategic oversight was provided through the Strategic Asset Management Board, the preventive maintenance process is still developing, particularly in terms of formal documentation and long-term planning.	The Service (Property Maintenance Team) should continue to build on recent progress by formalising the prioritisation framework for preventative maintenance. This should include documenting the process for integrating condition survey data, Maintenance Officer feedback, and strategic asset plans, clarifying roles and responsibilities, and establishing a review mechanism to ensure priorities are updated in line with budget cycles and strategic objectives.	The service will prepare a written scheme to formalise how preventative maintenance items are prioritised including documenting the integration of condition survey data, officer assessments and strategic plans and incorporating a structured review mechanism aligned to the Council's annual and medium term budget cycles. This will ensure that priorities are regularly reviewed, updated and kept within available revenue and capital budgets, while maintaining transparency over how investment choices are made.	Service Lead (Corporate Property), Property Manager	30/09/2026

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M3	Medium	The review indicated that quality checks over contractor's work do reportedly take place, but consistent evidence was not retained. The service explained that review and challenge of contractor submissions was part of the payment process, but this was not always evident as it was not recorded for every job.	Management should finalise and implement the formal quality assurance and inspection procedure for preventative maintenance, specifying roles, required evidence and timescales. This should be integrated into Concerto and attached as a document to support the payment.	A formal quality assurance and inspection procedure will be implemented setting requirements for verification, documentation and evidence retention in Concerto. This will be done incrementally and in line with the requirements of the new Trades Framework requirements.	Service Lead (Corporate Property), Property Manager	01/04/2027
M4	Medium	Evidence from meetings and the budget spreadsheet indicates that reactive maintenance was treated as urgent. There was no formal process to assess its impact on planned works beyond financial adjustments.	Management should consider implementing a formal review process to assess the impact of reactive maintenance on planned and cyclical works. This process could include identifying opportunities to combine tasks or reprioritise schedules to optimise efficiency and reduce costs.	A structured review process will be developed to assess the operational, financial, statutory, and strategic impacts of temporarily suspending planned property maintenance activities to offset for overspends on reactive property maintenance budgets, including an assessment of associated risks and mitigations.	Service Lead (Corporate Property), Property Manager	30/11/2026

Internal Audit Final Report

Corporate Cluster

ICT & Digital Services – Review of Service Desk Support and Performance

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	7
Minor issues that are not critical but managers should address.	Low	1

Distribution:

Assistant Chief Executive - Corporate
Chief Officer – Business Solutions
Strategic Lead – ICT
ICT Operations Manager

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.

Draft Date: 17/04/26

Final Date: 06/05/26

1. Introduction

- 1.1 The audit examined the full lifecycle of ICT support requests managed through the Service Desk, from initial contact, whether by phone, webchat, or the ICT Portal, through to resolution. This included looking at the procedures used to log, categorise, prioritise incidents and reassign requests to the appropriate resolver group. The audit also considered how effectively the Service Desk co-ordinated with Field Services and 3rd line support teams to ensure that support issues requiring on-site or remote technical assistance were resolved satisfactorily and in a timely manner.
- 1.2 The way in which end-user data was managed, including how personal and technical information was handled during service desk and field support interactions, was reviewed to ensure that processes were in line with data protection legislation and Council policy and to ensure that cyber/ information security and fraud risks were appropriately managed.
- 1.3 The audit also examined how the performance of the ICT Service Desk, Field Services and 3rd line support functions was monitored, including the use of key performance indicators (KPIs) such as response and resolution times. It also considered how customer satisfaction was measured through real-time feedback at incident closure and annual surveys, and how this information was used to inform service improvements.
- 1.4 The Service Desk, Field Services and 3rd line support functions were brought in-house as part of a transfer of ICT Managed Services from Wipro (Project Dòchas) during the period October 2021 to April 2022. The audit assessed whether the anticipated benefits of the transition, such as improved service delivery, enhanced responsiveness, and cost efficiencies, had been achieved.

2. Main Findings

- 2.1 *ICT support calls are effectively logged, categorised, prioritised, and escalated by the Service Desk, and that the Field Services and 3rd line support functions provide timely on-site or remote*

technical assistance in coordination with the Service Desk to support efficient issue resolution.

This audit objective was partially achieved. Service Desk, Field Services and 3rd line support functions all used the ServiceNow system to co-ordinate call allocation and resolution. ICT support calls were logged in ServiceNow for all communication channels (ICT Portal, phone, and webchat). Mandatory fields, including user details and incident categorisation, were configured within the system to support the recording of complete incident information. Training was provided on support call logging in ServiceNow, and some information was provided on the Call Quality Template. However, there were no comprehensive documented procedures in place and therefore, there was a risk that calls may be logged inconsistently, or without all necessary information recorded from the outset (see action plan M1).

Pre-defined incident and request categories were configured in ServiceNow, with prioritisation rules set out in the Incident Management Process (IMP), where Priority 1 represented the highest level of urgency and Priority 4 the lowest. These were applied manually, with all tickets defaulting initially to Priority 4. Call quality checks were carried out, and the categorisation and priority level would be checked as part of this although they were not specifically referenced on the template used. While the ICT Manager confirmed that checks were carried out regularly, there was no formal schedule or documented record of their frequency or volume (see action plan M2).

A sample of 20 incidents resolved by ICT Service Desk and ICT Field Services between 01/04/25 and 31/10/25 was examined. All had been categorised and prioritised in line with the IMP, except one that was escalated from Priority 4 to 3. This did not meet IMP criteria, as the change was made solely to increase visibility following delays over the school summer break. Two Service Desk-logged items were incorrectly recorded as incidents rather than requests (see action plan M2 and M3).

The Service Desk achieved a first-contact resolution rate of 62% between 01/04/25 and 31/10/25, against a target of approximately 60%. Incidents or requests where staff lacked training, access, or authority to resolve were manually reassigned

by Service Desk staff to the appropriate resolver team, including Field Services and 3rd line support teams. While high-level guidance was documented in the IMP and Cyber Incident Response Plan, there was no comprehensive resolver group mapping in place covering all Service Desk operations. This increases the risk that incidents are not reassigned properly or consistently, leading to service disruption, ineffective incident handling and limited management oversight over response performance (see action plan M3). A sample of 5 Priority 1 and 2 incidents logged between 01/04/25 and 31/10/25 was examined and all had been reassigned to the appropriate resolver team in a timely manner. However, one had been incorrectly categorised as 'Software' but should have been 'Network'.

A review of 10 incidents resolved by Field Services between 01/04/25 and 31/10/25 found that 4 had been resolved within 24 hours, 4 within 2-3 working days and 1 within 5 working days in line with the KPI targets agreed by the Corporate Resources Committee. The remaining incident related to an Interactive Board in a school. ICT support for Interactive Boards had not been formally provided since 2011 and operated on a best-endeavours basis, as these devices were typically purchased and maintained by schools. However, the customer was not aware of this arrangement and had expected an update. Before any communication was provided, the customer advised that the issue had been resolved locally and requested closure of the ticket, with negative feedback reflecting expectations around response and communication (see action plan M4).

Open incidents and requests on ServiceNow were continuously monitored; however, this was largely manual and relied on individual staff. While a range of reports and dashboards were available, these were not aligned to defined service expectations and practices varied across resolver teams. Service Level Agreements (SLAs) were documented in the IMP but had not been actively applied since the service was brought in-house, with target resolution times used as guidance only. However, there was a set agreed score card that measured incident resolution times along with Service Desk performance and customer satisfaction agreed by the Corporate Resources Committee and was presented quarterly for review.

2.2 *End user data is managed securely and appropriately within ICT support services and in compliance with data protection legislation and Council policy.*

This audit objective was partially achieved. Staff received verbal instruction and the Call Quality Template gave some detail on what information should or should not be recorded on ServiceNow. Although some monitoring controls were in place, there were no formally documented ServiceNow templates to support consistent and compliant data-entry practices (see action plan M1).

A documented procedure was in place outlining the verification checks required to confirm a caller's identity and the legitimacy of their request. The procedure applied layered identity verification, validated information against authoritative internal sources, and restricted action where verification could not be completed. Compliance with these requirements was monitored through the call quality assurance process.

Service Desk staff completed the annual mandatory corporate information security and cybersecurity training. This provided a necessary foundation, but on its own would not generally be considered sufficient for ICT Service Desk staff given their elevated access, responsibilities, and exposure to security risks (see action plan M5).

There was an established process for remotely accessing users' computer equipment and there were no known operational issues. However, there was no formally documented procedure outlining authorisation, monitoring, and termination requirements to ensure consistency of application (see action plan M6).

The information stored in ServiceNow was primarily corporate operational data rather than personal data. However, when users logged incidents through the ICT Self-Service Portal, the mobile number field was mandatory. As a result, users may have entered their personal mobile number if they did not have a Council-issued device. This requirement originated during the Covid period, when desktop phones were still in place and staff working from home needed to be contactable via mobile, and may no longer be needed. While retention schedules existed at a corporate level,

Service Desk data retention practices within ServiceNow did not align with the approved schedules, with incidents and service requests reportedly retained indefinitely. (see action plan M7).

2.3 *There are appropriate mechanisms in place for monitoring the performance of ICT support services and measuring customer satisfaction and this information is used to inform service improvements.*

This audit objective was substantially achieved. The ICT Monthly Dashboard was updated on a monthly basis with appropriate KPIs, including customer satisfaction, call abandonment rates, wait times, and incident resolution measures. Monthly performance reports, the ICT Dashboard, and PRMS metrics were consistently updated and made available to senior management, and quarterly performance reports were submitted to the Corporate Resources Committee.

There was a process in place to capture real-time customer feedback at incident closure and this was operating effectively, with automated closure emails collecting satisfaction ratings and optional comments. From 01/04/25 to 31/10/25, 2,602 responses were received, representing an approximate response rate of 9%, which was low. There was a sustained improvement in customer satisfaction ratings from April 2022 onwards, coinciding with the point at which the ICT Service Desk was brought in-house, with satisfaction levels frequently remaining in the 96–98% range.

ICT customer satisfaction surveys were issued annually. In 2024/25 this process was carried out in house but prior to this these were carried out by an external service provider.

Year	Response Rate	% Satisfaction
2023/24	18.6%	78%
2024/25	10%	89%
2025/26	9%	80%

One of the key deliverables for the 2025/26 survey was to explore opportunities to improve the response rate but this fell slightly from 10% to 9% (see action plan L1).

Performance and customer satisfaction data was regularly analysed through monthly reporting, customer satisfaction follow ups, and annual surveys, with actions taken where needed to address issues. Operations Review meetings, which were intended to support continued oversight and service improvement efforts, were paused during the 2025 restructuring. Although they were scheduled to resume in February 2026, this was delayed until 28/04/26.

2.4 *The anticipated benefits of bringing the Service Desk, Field Services and 3rd line support functions in-house have been achieved.*

This audit objective was fully achieved. The anticipated benefits of bringing the ICT Service Desk, Field Services and 3rd line support functions in house had been achieved. Clear expected outcomes were documented in the Project Dòchas Project Initiation Document, and delivery against these was evidenced in the Programme Closure Report and subsequent KPI performance data. All key benefit areas, including ownership of ICT functions, growth in local employment, value for money, improved customer experience, and the development of in-house technical capability, were reported as demonstrably met.

Performance metrics since transition showed improvement across customer satisfaction, call handling, and SLA compliance, although customer satisfaction response rates were low. No indicators were identified that suggested deterioration relative to the early period post transition. While some KPIs fluctuated month to month, the long-term trend reflected strengthened service performance and increased organisational control.

3. Conclusion

3.1 The anticipated benefits of bringing the ICT Service Desk, Field Services and 3rd line support functions in house had been achieved. The ICT Service Desk, Field Services and 3rd line support functions were operating effectively and provided reliable

support to end users, with core processes in place, performance routinely reported and customer satisfaction remaining strong. However, a number of areas would benefit from greater consistency and formalisation, particularly in relation to documented procedures, reassignment arrangements and improved information governance arrangements. Implementing the agreed actions would strengthen assurance, improve transparency and support more robust and sustainable service delivery going forward.

4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M1	Medium	<p>Training was provided on support call logging in ServiceNow and some information was provided on the Call Quality Template. There were no comprehensive documented procedures in place and therefore, there was a risk that calls may be logged inconsistently, or without all necessary information recorded from the outset.</p> <p>Staff received verbal instruction and had available the Call Quality Template that gave some detail on what information should or should not be recorded on ServiceNow. There were no formally documented ServiceNow templates to support consistent and compliant data-entry practices.</p>	<p>Documented procedures should be reviewed, developed and improved for logging, categorising, and managing ICT support tickets in ServiceNow. These procedures should include clear guidance on mandatory fields, the information which is required to be entered and information which should not be recorded, priority assignment, reassignment, and closure requirements. The documentation should be accessible to all relevant staff, embedded within the ServiceNow knowledge base, and subject to regular review and version control.</p>	<p>Implement templates in ServiceNow to ensure consistent logging of calls.</p>	ICT Operations Manager (Service)	31/03/27
M2	Medium	<p>Call quality checks were undertaken and included review of categorisation and priority, but this was not explicit in the template used. Although the ICT Manager confirmed checks occurred regularly, there was no formal schedule or documented evidence of their frequency or volume.</p> <p>A sample of 20 ServiceNow incidents (01/04/25-31/10/25) was reviewed identifying 2</p>	<p>(i) The quality check template should be updated to explicitly set out the criteria for reviewing ticket categorisation and prioritisation.</p> <p>(ii) Service Desk staff should be instructed on the distinction between incidents and requests to ensure that they are consistently logged on ServiceNow. The standard Call Quality Template should</p>	<p>Update Call Quality Template to include the checking of ticket categorisation and prioritisation in-line with Incident Management Process. New version in MS Forms.</p> <p>Report of monitoring to be created aiming for all Service Desk staff to be monitored at least once per quarter.</p>	<p>ICT Operations Manager (Service)</p> <p>ICT Operations Manager (Service)</p>	<p>30/08/26</p> <p>30/08/26</p>

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		incidents incorrectly logged as incidents rather than requests.	be revised to explicitly include checks on this. (iii) A documented schedule of quality checks should be introduced, along with a record of the number, timing, and outcomes of these reviews, to provide consistent monitoring and assurance.			
M3	Medium	A sample of 20 ServiceNow incidents (01/04/25–31/10/25) was reviewed identifying one escalation from P4 to P3 that did not align with the Incident Management Process (IMP). Incidents or requests where staff lacked training, access, or authority were manually reassigned by Service Desk staff. While high-level guidance was documented in the IMP and Cyber Incident Response Plan, there was no comprehensive resolver group mapping covering all Service Desk operations in place. This increases the risk that incidents are not reassigned properly.	(i) The Incident Management Process (IMP) and associated priority levels should be reviewed and updated to ensure they reflect current business requirements and operational practices. (ii) The IMP should be updated to include a clear, standalone resolver mapping that specifies reassignment paths.	Review Incident Management Process IMP on a Quarterly basis by Service Management to ensure it still meets the requirements of the service. Create resolver team matrix that identifies roles and responsibilities to make ticket resignation more effective.	ICT Operations Manager (Service) ICT Operation Manager (Service)/ ICT Operation Manager (Technical)	30/09/26 30/11/26
M4	Medium	Review of 10 incidents resolved by Field Services between 01/04/25 and 31/10/25 found that 4 had been resolved within 24 hours, 4 within 2-3 working days and 1 within 5 working days in line with the agreed KPI targets agreed by Corporate	Service standards/ priorities should be more clearly communicated to users to improve customer understanding and set realistic expectations regarding response times and support levels, including greater clarity on	Publish Priority levels with an explanation to set better expectations for users as part of Continuous Service Improvement including what is not supported in relation to hardware and software.	ICT Operations Manager (Service)	31/10/26

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		Resources Committee. The remaining incident related to an Interactive Board, which was supported on a best-endeavours basis only and was later resolved locally following unmet customer expectations around communication.	non-supported items, where equipment is not formally supported or assistance is provided only on a best-endeavours basis.			
M5	Medium	Service Desk staff completed the annual mandatory corporate information security and cybersecurity training. This provided a necessary foundation, but on its own would not generally be considered sufficient for ICT Service Desk staff given their elevated access, responsibilities, and exposure to security risks.	Role-specific information security and cybersecurity training should be introduced for ICT Service Desk staff, aligned to the elevated system access, responsibilities, and security risks associated with their role, and delivered in addition to the standard corporate training.	Security team to provide a security briefing for the Service Desk and as part of new start induction.	ICT Operations Manager (Service)	30/08/26
M6	Medium	There was an established process for remotely accessing users' computer equipment and there were no known operational issues. However, there was no formally documented procedure outlining authorisation, monitoring, and termination requirements.	The remote access process should be formally documented to clearly set out the purpose, authorisation requirements, monitoring expectations, and session-termination procedures.	Document guidance around remote access expectations and purpose for users so they have an understanding of the reason for the session, controls in place and security implications.	ICT Operations Manager (Service)	30/09/26
M7	Medium	While retention schedules existed at a corporate level, current Service Desk data retention practices within ServiceNow did not align with the approved schedules. Incidents and service requests	(i) The approved retention schedule for Service Desk incident and service request records should be complied with. Any records currently held outside the retention periods should be disposed of in accordance with the	Review ServiceNow Incident template to remove mandatory mobile field and add guidance around providing Corporate Mobile, TEAMS or other contact method.	ICT Operations Manager (Service)	31/03/27

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		were reportedly retained indefinitely.	<p>Information Management policies.</p> <p>(ii) Where there is a business requirement to retain information for future call handling, this should be extracted in a format that does not contain any personal data, and the extracted information should be categorised and made searchable to support effective issue resolution. This knowledge could also be incorporated into FAQs or Knowledge Base resources to assist Service Desk staff.</p> <p>(iii) The necessity of the mandatory 'Mobile Phone' field within the ICT Self-Service Portal should be reviewed, and appropriate transparency measures implemented where required, as employees may enter personal rather than work mobile numbers.</p>	Review retention schedules for ServiceNow and ICT in-line with GDPR.	ICT Operations Manager (Service)	31/03/27
L1	Low	One of the key deliverables for the 2025/26 survey was to explore opportunities to improve the response rate but this fell slightly from 10% to 9%.	A survey engagement strategy should be developed to increase participation in future ICT customer-satisfaction surveys. This strategy should include setting a formal response-rate target to enable ongoing performance monitoring and expanding engagement methods to encourage broader workforce involvement. In addition, the	<p>The following action was included in the ICT User Satisfaction Survey 2025/26 report to the Corporate Resources Committee on 19 March 2026:</p> <p>9.5 The internal ICT User Satisfaction Survey approach will continue to be refined, including reviewing question</p>	ICT Operations Manager (Service)	30/11/26

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
			service should carefully compare year-on-year satisfaction results, ensuring that changes are interpreted in the context of response-rate levels and potential non-response bias, as lower participation increases the risk that results may not be representative of the wider workforce.	sets and engagement methods, to support improved response rates and richer insight in future years.		

Internal Audit Final Report

Corporate Cluster

CiA General Ledger

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	1

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:

Assistant Chief Executive – Corporate
Chief Officer – Corporate Finance
Strategic Leads – Finance (People/Place)

Draft Date: 24/03/26

Final Date: 11/05/26

1. Introduction

- 1.1 A new financial system (CiA) became effective from 1 April 2024. It is used by the Council, High Life Highland and the Assessor and ERO. The system has a number of modules such as Accounts Payable, Accounts Receivable, Cash Receipting, Fixed Assets and General Ledger.
- 1.2 This audit looked to provide assurance over processes and practices in place surrounding the adequacy and effectiveness of internal controls of the General Ledger (GL) module in respect of Council transactions.
- 1.3 The CiA GL Module is used to input and process financial transactions and support the production of internal financial reports including the annual accounts.
- 1.4 The Council's Financial Regulations sets out the framework for financial administration. These are also supported by a number of different Instruction Notes which provide more detailed information. In addition, a CiA Financials SharePoint site was created which provides guidance and training materials to assist staff.

2. Main Findings

- 2.1 *Roles, responsibilities and access controls are defined for Staff with access to the General Ledger components of the CiA system. These align to the principles of the Financial Regulations.*

This audit objective was partly achieved. During the CiA system implementation, user access profiles were developed from the previous finance system (Integra) and tailored with input from Finance staff. However, there is limited system documentation or reports available that detail the system permissions attached to the access profiles. Therefore, it could not easily be established if these were correct and necessary for the roles undertaken by staff.

The lack of documentation, understanding and accessible reporting of CiA access structures reduces transparency, assurance and ongoing oversight. (Action Plan Ref M1).

There was no process to annually confirm that user's CiA access was still required, set and configured appropriately. In addition, line managers had made limited use of 'e-ticket' processes to request through the IT Application Development Corporate Team (ITADC) changes to CiA access for staff who had transferred to new roles, resulting in the risk that staff may retain rights to view or edit transactions associated with their previous role (Action Plan Ref M2).

The Financial Regulations Instruction Note on Access Controls was out of date as it still refers to Integra rather than CiA. (Action Plan Ref L1).

- 2.2 *Standardised change control processes related to Chart of Accounts management are in evidence and implemented.*

This audit objective was substantially achieved. There was evidence of a controlled process defined for changes to be made to the Chart of Accounts. A small number of change control submissions did not follow standard templates or contain an approver with changes instead made based on the judgement of Finance or ITADC staff which was deemed appropriate in the circumstances.

- 2.3 *Monthly control account reconciliations are performed with suspense accounts identified and there is timely resolution of reconciling items.*

This audit objective was partly achieved. Monthly Bank, Treasury Debt and Loan Interest, Non-Domestic Rates and Council Tax Income and Refunds reconciliations (excluding annual impairment calculations) were being performed as well monthly review of the submitted HMRC VAT Return. As part of established month-end closure routines, reconciliation checks were also performed over the Debtors and Accounts Payable Liability Control Accounts.

The majority of reconciliation activity occurs at year end when a high volume and value of Period 13 Journals were required to effect final ledger close for audit purposes and conclude reconciliations. (See section 2.5).

There was scope to better document a record of required reconciliations and to assist monitoring of reconciliation performance (Action Plan Ref M3).

Suspense account lines in the General Ledger were fully identified with continuous activity throughout the year to clear lines. Lines were cleared in full by year-end. Each suspense line had a nominated account owner who was responsible for actions to clear suspense postings.

- 2.4 *Month-end close processes are delivered in compliance with documented close timetables and there is review and sign-off of close activities.*

This audit objective was fully achieved. There were well established processes that run monthly performed by dedicated ITADC and Finance Team personnel, concluding each month's financial close to timetable to the same standardised routines, usually within 2-3 days.

- 2.5 *Manual, as well as recurring/ correcting journal entries, are processed in accordance with the principles of Financial Regulations.*

This audit objective was partly achieved. Review of the Financial Regulations Instruction Note on Journal Entries, along with the Journal & Internal Recharge Template, identified issues. In more than half of the sample tested, the supporting attachments and/or standing narrative for Journals did not meet the requirements set out in the Instruction Note (Paragraph 3.2) or the Template.

The Template states that backup approval for charges must be received prior to processing. There was infrequent evidence of approvals obtained or filed on CiA, including the absence of a policy position where it is considered impracticable to obtain pre-approval where many different budget holder cost centres are subject to a recharge.

The Instruction Note was out of date (2014) and required to be updated to reflect current requirements and the CiA system (Action Plan Ref M4).

Existing practice, which has operated for many years, does not require approval of Journals (manual or auto) for months 1-12.

Period 13 Journals (616 journals ~£ 2.2bn of accounting entries) were subject to second person approval which was heavily beneficial to the accuracy of the yearend closure process.

3. Conclusion

- 3.1 There were strong and effective processes in place to deliver monthly financial close with arrangements in place for managing Change Control to the Chart of Accounts in the General Ledger.

There was a requirement to gain further clarity and embed understanding on how differing CiA Access Functionality set ups support users to perform CiA tasks that were appropriate, but not excessive, for their duties. There was also scope to further define a full suite of desired reconciliations and to improve reconciliation record keeping. Procedures for Journal Entries could also be strengthened to improve transparency and ensure that sufficient evidence is provided to clearly demonstrate the purpose and justification for each journal.

4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M1	Medium	Limited system documentation or reports were available that detail the system permissions attached to User access profiles. This makes it more difficult to determine whether access is correct and necessary for the roles undertaken by staff.	The Finance Team together with the IT Application Development Corporate (ITADC) Team should review and document all CiA access controls and permissions for each CiA module and create a Standing Record for each profile. This will provide a central reference to ensure staff access is appropriate and supports segregation of duties. A Finance Organisation Chart should also be developed to map finance related responsibilities.	Engagement with T1 regarding access reporting began prior to the audit and is ongoing. In addition, the development of an access control policy commenced prior to the audit. This policy is now in its final stages and will be published once finalised.	Strategic Lead – Financial Services	30/09/2026
M2	Medium	It could not be established that user access permissions were still appropriate as: <ul style="list-style-type: none"> Individual user access permissions were not checked annually to confirm these were still correct. There were a limited number of requests for staff who had changed roles. Line managers had made limited use of 'e-ticket' processes to request changes to CiA access for staff who had transferred to new roles, resulting in the risk that staff may retain rights to view or edit transactions associated with their previous role.	The IT Application Development Corporate (ITADC) Team should carry out an annual review with line managers to confirm that CiA user access permissions remain appropriate for their role. Line managers should be reminded of the need to ensure that any required CiA permission changes as a result of employee role changes are communicated to ITADC to ensure that CiA user permissions remain appropriate.	Explore engagement with the HRP team to incorporate this into the joiners, movers and leavers process.	IT Application Development Corporate (ITADC) Team/ HRP Project Lead/ Strategic Lead – Financial Services	31/03/2027
M3	Medium	The record of reconciliations performed was incomplete.	The Finance Team should define a full record of required reconciliations and their frequency of performance,	As noted above in 2.3 regular monthly reconciliations are in place	Principal Accountant – Financial	

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		Controls is out of date and requires updating.	procedures on Authorisation and Access Controls.	changes, and the appropriateness of coding arrangements. The Financial Regulations document will be updated in due course to reflect the outcomes of this review.	Application Development Corporate Team/ Process Development Officers	