

Agenda Item	<b>6</b>
Report No	<b>AS/8/22</b>

## THE HIGHLAND COUNCIL

**Committee:**                   **Audit & Scrutiny Committee**

**Date:**                         **28<sup>th</sup> September 2022**

**Report Title:**               **Internal Audit Reviews and Progress Report – 28/01/22 – 09/09/22**

**Report By:**                 **Corporate Audit Manager**

### **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 2022.

### **2.                                 Recommendations**

- 2.1 Members are asked to note the current work of the Internal Audit Section outlined at section 5 of the report and the final progress against the 2021/22 audit plan in section 6.

### **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. There is one such report on the agenda to be scrutinised in private by Committee.
- 3.2 There are no Legal, Resources Community (Equality, Poverty, Rural and Island), Climate Change / Carbon Clever or Gaelic implications.

#### 4. Audit Reports

4.1 There have been 9 final reports issued during this period as detailed in the table below:

Service Directorate	Subject	Opinion
Communities & Place	Review of Ward Fund Schemes	Substantial Assurance
Infrastructure, Environment & Economy/ Property & Housing/ Resources & Finance	Review of Capital Projects	Reasonable Assurance
Infrastructure, Environment & Economy	Harbours Fuel Sales	Reasonable Assurance
Infrastructure, Environment & Economy	Highland Coastal Communities Fund	Reasonable Assurance
Infrastructure, Environment & Economy	Review of Covid Business Grants	Substantial Assurance
Performance & Governance	Review of Local Democracy	Reasonable Assurance
Performance & Governance	Effectiveness of Out of Hours Arrangements	Reasonable Assurance
Transformation (now Depute CEX)	The Council's Approach to Recovery	Substantial Assurance

The following report will be considered in private by Members

Service Directorate	Subject	Opinion
Health & Social Care	Investigation into missing monies from Residential Units, control weaknesses	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.

## **5. Other Work**

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

(i) Audits for other Boards, Committees or Organisations

Audit work has been undertaken for High Life Highland during this period and the results will be reported to their Finance and Audit Committee. In addition, there are ongoing audits of Pension Fund and the Assessor's activities, which will be reported to the appropriate Boards.

(ii) Corporate Fraud and other investigations activity

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

A control weaknesses report following an investigation into missing money will be considered later in the agenda. A new allegation of the fraudulent misuse of a blue badge is presently being investigated.

Two whistleblowing concerns have been concluded, both of which centred on health and safety concerns. One of these resulted in a full investigation and a draft report is presently with the Service for consideration as some areas for improvement have been identified. Once this has been finalised, a copy of the report will be provided to Committee for scrutiny. Another concern raised into potentially fraudulent activity has resulted in another full investigation which is still ongoing. As always, no further information can be provided for ongoing fraud and whistleblowing investigations, but the necessary Committee scrutiny can be undertaken once fuller reports are provided at the appropriate time.

(iii) Members' training

Online training for Members (Role of the Audit Committee and Members Scrutiny Role) was finalised and is available through links in the [Members Intranet](#). In addition, external training was provided by CIPFA for Audit & Scrutiny Members on 11/08/22.

## **6. Progress against the 2021/22 audit plan**

6.1 An overview of progress against the 2021/22 audit plan is shown in the [Gantt chart](#). Details are provided of all planned audits and any additions resulting from unplanned audits or investigations. In respect of investigations this information is added at the point that the system weaknesses draft report is issued as investigations may be complex and can be time consuming to complete.

The chart shows the dates that the key stages of each audit was completed except where the audit has rolled forward from last year and they occurred before 04/04/21, however, any stages after this date are shown.

As the 2022/23 audit plan is on the elsewhere agenda for approval, progress has not yet been reported. However, provided this is approved by Committee then the up-to-date position will be reported to the November meeting.

6.2 Performance information for quarters 1- 4 is provided below.

Category	Performance Indicator	Target	2021/21 Actuals			
			Qtr 1	Qtr 2	Qtr 3	Qtr 4
Quality						
Client Feedback	(i) % satisfaction from individual audit engagements expressed through Client Audit Questionnaires (CAQ)	<b>75</b>	0	91	86	87
	(ii) % of Client Audit Questionnaires returned	<b>70</b>	0	100	100	n/a
Business Processes						
Timeliness of Final Report	(i) % of draft reports responded to by client within 20 days of issue	<b>85</b>	0	75	75	0
	(ii) % of final reports issued within 10 days of receipt of management response	<b>90</b>	0	100	100	100

Designation: Corporate Audit Manager

Date: 15<sup>th</sup> September 2022

Author: Donna Sutherland

## AGENDA ITEM 6.1



### Internal Audit Final Report

Communities and Place

Review of Ward Fund Schemes

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	2

#### Distribution:

Executive Chief Officer for Communities and Place  
Head of Service (Community Support and Engagement), Communities and Place  
Senior Ward Managers, Communities and Place  
Inverness City Area Manager, Communities and Place.

#### 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 **Substantial Assurance** can be given in that while there is 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.

**Report Ref:** HCP14/001

**Draft Date:** 31/05/2022

**Final Date:** 25/07/2022

## 1. Introduction

1.1 The objective of the review was to ensure that the process for the award of Ward Fund schemes was effective in terms of:

- Identification and agreement of local scheme priorities;
- Receipt, assessment and approval of applications; and
- Payment, evidence of spend and reporting of schemes.

1.2 The scope of the review included testing to ensure that grants were awarded in accordance with the Council's Financial Regulations, the Scheme of Delegation and the Guidance for Applying for a Grant or Discretionary Funding (The Guidance).

1.3 The audit considered the following ward fund schemes that are determined and administered at a local level:

Ward Fund Scheme	2021/22 Budget £000s
COVID/Community Resilience b/f	467
Place-Based Investment (£100k per ward)	2,100
Ward budgets (£26k per ward)	546
<b>Total</b>	<b>3,113</b>

## 2. Main Findings

2.1 *Identification and agreement of local scheme priorities*

The audit objective was substantially achieved. All 15 (5 COVID and 10 Place-Based Investments) grants met the requirements of the spend priorities agreed at the appropriate Area Committee. One priority was agreed at the Badenoch & Strathspey Area Committee on 15/02/22 after the internal payment had been approved by the former Executive Chief Officer for Communities and Place (23/11/21). (See Action Plan Reference: M1)

2.2 *Receipt, assessment and approval of applications*

The audit objective was partially achieved. There are processes in place for validating, vetting and verifying grant applications, which are carried out by experienced and knowledgeable officers. However, the existing written procedure did not fully outline these processes. (See Action Plan Reference: L1)

A review of 25 grant payments identified that the following were not fully compliant with the Guidance:

- 2 (8%) grants did not have a completed application form;
- 5 (29%) applications were not fully completed;
- 6 (35%) applications did not contain a full declaration (Note: many groups were unable to supply electronic signatures);
- 1 (6%) application was not supported by a constitution;
- 4 (24%) applications were not supported by current audited financial statements;
- 8 (42%) applications were not supported by 3-months of current bank statements;
- 3 (18%) applications were not supported by quotations;
- 14 (82%) grants were not supported by a current financial risk assessment; and
- 6 (75%) grants were not supported by evidence of match funding (See Action Plan Reference: M2)

1 (4%) COVID grant, which was not agreed for re-purposing to other projects by the Area Committee exceeded the corporately agreed maximum payment of £1,500 per group. 2 (8%) grant payments (both for under £10,000) were recorded as approved (on the Single Grants SharePoint site) by a clerical assistant rather than the Ward Manager. (See Action Plan Reference: M3)

2.3 *Payment, evidence of spend and reporting of schemes*

The audit objective was substantially achieved. All 25 applicants were genuine organisations and 19 grant payments (6 were internal payments) were paid into a verifiable bank account bearing the organisation's name. 15 grant recipients were identified as having received a previous grant. For 5 (33%) no evidence was available to demonstrate that the previous grants had been properly spent. (See Action Plan Reference: M4)

The "business as usual" activity of publishing all discretionary ward fund spending on the Council's website has been curtailed since 2019/20 due to COVID. (See Action Plan Reference: L2)

## 3. Conclusion

3.1 The Council has broadly effective processes for the determination and administration of Ward Funds. To be fully effective grant applications need to be completed, approved and confirmed as spent in compliance with the Guidance.

#### 4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M1	Medium	All 15 (5 COVID and 10 Place-Based Investments) grants met the requirements of the spend priorities agreed at the appropriate Area Committee. However, one priority was agreed at Area Committee (Badenoch & Strathspey – 15/02/22) after the internal payment (Campbell Crescent Play Area) had been made (23/11/21).	Management should ensure that Area Committees agree spend priorities in advance of applications being invited, approved and authorised for payment.	All grants were agreed through the appropriate governance route and in line with spend priorities previously agreed. The one referenced for Badenoch and Strathspey was homologated at the committee. The approval of spend had been given by the Executive Chief Officer and Head of Service to expedite spend and enable play area improvements to progress in the context to the COVID-19 Pandemic.	Head of Community Support and Engagement	31/07/2022
M2	Medium	A review of 25 grant payments identified that: <ul style="list-style-type: none"> <li>• 17 (68%) grants were supported by a grant application form. 2 (8%) grants were arranged through email and no application form completed. 6 (24%) grants were internally provided.</li> <li>• 5 (29%) applications were not fully completed;</li> <li>• 6 (35%) applications did not contain an applicant declaration;</li> <li>• 1 (6%) application was not supported by a constitution;</li> <li>• 3 (18%) applications were not supported by financial statements and 1 (6%) was unaudited accounts from 2017;</li> </ul>	Management should ensure that application forms are fully completed, with an applicant declaration and all the required supporting evidence is obtained before these are submitted for consideration by Members.  Management should also ensure that a financial risk assessment is carried out on all applicants before the grant is determined.	Training and guidance, including when it appropriate for a financial risk assessment to be completed, will be updated and revised to ensure that all officers are aware of the importance of completing the required assessment and ensuring all required documentation is completed.	Head of Community Support and Engagement	31/03/2023

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		<ul style="list-style-type: none"> <li>• 4 (21%) applications were not supported by a bank statement, 3 (16%) applicants provided bank statements retrospectively, 1 (6%) provided a statement from 2019; and</li> <li>• 3 (18%) applications were not supported by quotations.</li> <li>• 13 (76%) were not supported by a financial risk assessment, 1 (6%) had a financial risk assessment carried out on a previous application; and</li> <li>• 6 (75%) were not supported by evidence of match funding.</li> </ul>				
M3	Medium	<p>24 (96%) grants were within corporately agreed sums. 1 (4%) grant (a COVID grant) exceeded the corporately agreed revised maximum payment (£1,500) per group and had not been agreed for re-purposing to other projects by the Area Committee.</p> <p>23 (92%) grant payments had been approved in accordance with the Council's scheme of delegation. For 2 (8%) – SGA16954 and SGA17228 (both for under £10k) – the grants were authorised on SharePoint by a clerical assistant, copies of WBM (not an approving body) minutes were provided, which demonstrated that the ward manager was present when grants were discussed.</p>	<p>Management should ensure that grant applications are approved in accordance with the agreed scheme maximum and where valid applications exceed the maximum these should be referred to Council/Strategic Committee for decision.</p> <p>Management should ensure that Ward Managers properly record their decisions when they are exercising a scheme of delegation power.</p>	<p>Only one covid resilience grant exceeded the corporately agreed sum. All others were not covid grants but repurposing covid monies (as per agreement at Council on 7-1-21) and were agreed at the relevant Area Committees in line with agreed governance.</p> <p>In future, all ward discretionary budget allocations will be reported for information to area committees ensuring clear transparency around delegated spend.</p> <p>Relevant approval confirmation will be retained with the application.</p>	<p>Head of Community Support and Engagement</p> <p>Senior Ward Managers</p> <p>Senior Ward Managers</p>	<p>31/07/2022</p> <p>31/07/2022</p> <p>31/07/2022</p>

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M4	Medium	<p>15 grant recipients were identified as having received a previous grant:</p> <ul style="list-style-type: none"> <li>• 5 (33%) of grants have appropriate evidence that previous award funds were properly spent.</li> <li>• 4 (27%) of previous grants were still ongoing.</li> <li>• 1 (7%) still awaiting evidence from the group.</li> </ul> <p>5 (33%) had no evidence that previous grants were properly spent. Ward Managers noted that on 3 of the occasions where there was no evidence, an officer had left post which is why no grant monitoring form was requested from the organisation. These have now been requested.</p>	Management should ensure that evidence of proper spend is obtained from previous grant awards before approving a new grant application from the same organisation.	This will be clarified in the updated guidance to ensure that a proportionate approach is taken to evidence of spend for grants; based upon the level and nature of the grant to the community group.	Senior Ward Managers	30/09/2022
L1	Low	There are processes for validating, vetting and verifying grants, which are carried out by experienced and knowledgeable officers. However, the existing written procedures do not fully outline these processes, which would assist any new ward managers and ensure that a clear audit trail is provided when ward managers leave.	Management to update the existing written guidance to fully document the controls and procedures for processing Ward Funds grants.	Guidance is in place but this requires to be updated.	Head of Community Support and Engagement	31/03/2023
L2	Low	The "business as usual" activity of publishing all discretionary ward fund spending on the Council's website has been curtailed since 2019/20 due to COVID.	Management to publish all ward fund spending to provide enhanced transparency over the grants process.	From August 2022, all ward discretionary budget allocations will be reported for information to area committees ensuring clear transparency around delegated spend.	Senior Ward Managers	31/08/2022

## AGENDA ITEM 6.2



### Internal Audit Final Report

Infrastructure, Environment and Economy, Property and Housing, Resources and Finance

#### Review of Capital Projects

Description	Priority	No.
Major issues that managers need to address as a matter of urgency.	High	1
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	6
Minor issues that are not critical but managers should address.	Low	3

#### Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Reasonable Assurance** can be given in that whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

#### **Distribution:**

Executive Chief Officers for Infrastructure Environment and Economy, Property and Housing.  
Service Lead Infrastructure, Infrastructure Environment and Economy  
Head of Property and Facilities Management, Property and Housing  
Head of Corporate Finance and Commercialism, Resources and Finance  
Head of Procurement Shared Service  
Principal Engineer, Infrastructure Environment and Economy  
Programme Manager, Property and Housing  
Business Support Officer 3, Property and Housing  
Service Finance Manager, Resources and Finance  
Strategic Commercial Manager, Commercial and Procurement Shared Service  
Strategic Procurement Manager, Commercial and Procurement Shared Service

**Report Ref:** HPH10/002

**Draft Date:** 27/04/22

**Final Date:** 30/08/22

## 1. Introduction

- 1.1 The objective of this audit was to ensure that capital spend is governed by adequate policies and procedures and these are complied with for all capital projects. The most recent 15 year Capital Plan was approved by the Council in December 2021 with total net investment of £939m. The majority of capital projects are managed by the Infrastructure Environment and Economy Project Design Unit (IEE PDU) and the Property and Housing Programme Manager's Team, supported by Property Systems (P&H).
- 1.2 The IEE PDU office and the P&H Programme Manager outlined project procedures and practices for their respective services. 8 projects, 4 from each Service, were sampled to assess adherence to policies and practice. A range of project types and budgets were sampled and these are listed in Appendix 1.

## 2. Main Findings

The above objective was broadly achieved although some issues were identified.

### 2.1 *Policies and Procedures*

There are policies and procedures to support delivery of capital projects. The Council's Contract Standing Orders (CSOs) and the Project Governance Management Policy for construction projects outline overall requirements. The Procurement Manual (the Manual) provides templates and guidance for tendering. Additionally both Services have their own sets of procedures covering project stages from initial design to post construction review.

However, policies and procedures require some revision. CSOs and the Manual contain little specific reference to capital, there is no reference to design and build contracts, and obligations of recent regulations and legislation are not completely set out. The Manual contains no reference to contractor probity or provision if a contractor goes into liquidation. Both Services have written additional guidance on bonds, financial assessments and some

details on insurance not contained in the Manual. However, procedures on tendering duplicate what is in the Manual. There are also some outdated and duplicated documents held in Service shared drives and some procedures require updating. Commercial and Procurement Shared Service (C&PSS) have plans to review CSOs and the Manual taking input from Services (See Action Plan Refs L1 and L2).

There are no written procedures outlining Committee reporting requirements for capital projects and spend. Guidance on project management is held in disparate places under multiple documents for example there are 2 separate policies on project management; one for construction projects and one for other projects. Neither have been reviewed recently. There is currently no single Board set up to consider all capital works and liaise with the 2 Service project management teams. The Strategic Asset Management Group (SAMG) does consider capital but it's role is under review as part of an overall review of capital governance being undertaken at the request of Council. (See Action Plan Ref M1)

### 2.2 *Project Planning*

All projects had some evidence of planning via a project brief or initiation form, technical drawings and for IEE projects a construction quality plan (although 1 of these for project # 3 was not located). P&H Service has a database to record initial project budgets. Estimated costs for IEE projects were not consistently documented; different projects put total project cost estimates in different documents and it is not clear from Service procedures in which documents this should be stated (See Action Plan Ref L1).

Sources of funding were identified for projects although for 3 of these the only detail provided was that they had been approved by the Capital Plan (projects 1, 2 and 6). The Project Governance Management Policy says a gateway review process should be formally undertaken for major projects but evidence of this has not been identified for the projects and it would be preferable if this evidence was held in project files (see Action Plan Refs M2 and M3).

For P&H project #5 no details were provided showing how the decision to tender was made. 1 larger P&H project (#4) had no risk register which would have been expected for a project this size. No evidence of risk registers was found for the 4 IEE projects (See Action Plan ref M4).

### 2.3 *Tendering*

Of the 8 projects, 5 had evidence of competitive tendering, 1 (#7) used a non competitive action route, 1 (#5) used a negotiated design and build contract process and project# 8 used a call off from a national framework. 3 of the 5 competitively tendered projects fell below the threshold for level 3 procurements meaning only quotation exercises were required (projects 2, 3, 4) but the requisite number of quotes was sought and contractors submitting lowest priced bids were chosen. Price and quality scoring exercises for the larger projects were in evidence.

1 P&H project (#6) was advertised via Public Contracts Scotland (PCS) Quick Quote but the value was over the £2m threshold so this should have followed a level 3 procurement route. For 1 IEE project (#2) a consultant was used at design stage but no details of competitive quotation exercise have been identified for procuring the consultant. 1 P&H project (#5) did not have a contract award notice published on PCS, this is a regulatory requirement. For 1 P&H project (#6) quotes were obtained for the architect consultant but these were not advertised via PCS. (See Action Plan Ref H1).

Award letters to successful contractors were found for all tendered projects but for 1 IEE project (#1) the award letter did not specify the standstill period as would be expected for a project that size. Signed contracts were found for projects although for 1 P&H project (#7) only 1 of the 2 pages of the form of tender which constitutes the contract was properly signed.

For the project procured via a non-competitive action (#7) the appropriate form was appropriately authorised. But it was not clear which of the valid exemptions from CSOs the project came under (See Action Plan Ref L3).

### 2.4 *Project Spend*

All projects have their own cost centre on Integra. P&H have a database which records all costs incurred for individual projects whilst IEE have a database recording principal contractor costs. This makes it difficult to monitor total project spend against project budget for IEE. There are satisfactory processes for measuring work, and for all projects invoices were only paid after payment certificates were approved. Invoice amounts were entered correctly onto Integra apart from in 1 case (project #5) where £8,558 of VAT was not separately accounted for which resulted in overstated project costs, and 1 payment in project #6 was made twice (although the supplier repaid this). Project monitoring takes place but did not identify these errors (see Action Plan Ref M5).

All projects had compensation events or change control records (occurrences that increase costs or extend timescale of projects). However, details held varied, in particular evidence of all signed authorised forms were only found for 2 projects (#1 and 7) (see Action Plan Refs M2 and M3).

All contract retention amounts were held pending conclusion of projects and shown on payment certificates.

### 2.5 *Project Monitoring*

Overall there was good evidence of regular monitoring throughout the duration of projects. Monitoring included regular Clerk of Works or site visit reports, progress meetings and site photographs documenting activity. Smaller budget projects had fewer meeting notes on file - 1 smaller IEE project (#3) did not have typed meeting notes on file and 1 larger IEE project (#1) only had 2 progress meetings on file despite construction lasting 9 months (See Action Plan Ref M2).

### 2.6 *Project Review*

Evidence of post project review was found. IEE projects have a debrief and contractor performance report. There should also be client and consultant performance reports, but these were not identified and debriefs do not provide the final full project costs

versus the original budget. P&H document what went well and lessons learnt but due to limited resources and constrained fee targets, this is not currently undertaken for all projects. The above mentioned review of governance arrangements should lead to improved scrutiny of projects but this also depends on Services documenting all projects which have gone significantly over budget, timescales or met with quality defects (See Action Plan Ref M6).

## 2.7 *Systems and information management*

IEE: Data for individual projects is split across 3 different shared drives making it time consuming to locate project documents. Additionally there are paper files which duplicate information held on shared drives, in multiple offices. Key documents were frequently missing from project folders and there is no clear naming convention for individual files. Shared drives present risks such as accidental loss of files and unauthorised access to sensitive data (for example a file containing signatures for 26 officers was found). The Service uses specialist project software which is very useful but size restrictions prevent it being used for all projects and back up working copies of documents need to be held outwith this software. The Principal Engineer is relatively new in post and keen to improve the filing system and approach to information management (See Action Plan Ref M2).

P&H: Each project has a dedicated folder on a shared drive and specialist software is used to upload key project documentation for viewing by the Council and contractors. But what is uploaded for each project varies considerably and project subfolders do not always contain all expected documents; for example insurance documents for contractors. There are gaps in the database particularly around key project dates and there can be delays setting up projects on the database which result in inefficient data transfers. The Service is moving to using Concerto software which should improve project and information management (for example changes to project budgets will be recorded in 1 place) but this software will need to be correctly used by all users to be fully effective (See Action Plan Ref M3).

## 3. **Conclusion**

3.1 Overall the management of individual projects was good and the errors identified were infrequent. Despite some exceptions the procurement process was properly followed. Policies and procedures would benefit from revision and C&PSS are already undertaking a review.

The principal concern is the way information is held and the time-consuming process for officers to locate files that should be readily available. Good information management is vital to ensure the correct records are held securely and to allow the effective internal and external inspection and scrutiny of complex capital projects.

#### 4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
H1	High	<p>The following concerns relating to procurement were identified:</p> <p>1 project was procured using a quotation exercise rather than a level 3 tender route which should be used for projects over the £2,000,000 threshold.</p> <p>Evidence of quotations was not found for 1 project.</p> <p>1 quotation exercise did not go through Public Contracts Scotland.</p> <p>A contract award notice was not published for 1 project as required by Public Contracts (Scotland) Regulations 2015.</p>	<p>Briefings should be held with all project managers and support staff to cover the findings from this audit and ensure that staff are aware that CSOs, the Procurement Manual and all internal procedures must be complied with.</p> <p>If a project's expected tender price is close to a threshold C&amp;PSS should be consulted on the appropriate level to use and documented evidence held of this consultation and the eventual decision for choosing a particular route. All works over £2,000,000 should be tendered via requirements of Level 3 or 4.</p> <p>This award notice should be published on Public Contracts Scotland (PCS)</p>	<p>Procurement training and presentations have previously been rolled out across Property.</p> <p>A refresh will be rolled out to all Property Teams to reinforce the requirements to comply with CSOs, the Procurement Manual and internal procedures.</p> <p>IEE: all contracts over £2m are administered through Public Contracts Scotland.</p> <p>There are too many variables to set a fixed process. However an exercise will be undertaken via the Capital Programme Board to examine whether all projects above the £2,000,000 threshold have used the correct procurement route. Existing arrangements will be reviewed following the findings and revised if necessary.</p> <p>Completed – award notice has been posted on PCS</p>	<p>P&amp;H – Programme Manager</p> <p>IEE PDU Team</p> <p>Head of Corporate Finance and Commercialism</p> <p>P&amp;H – Programme Manager</p>	<p>30/09/22</p> <p>Ongoing</p> <p>31/03/23</p> <p>Complete</p>

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M1	Medium	There are no written procedures or requirements for reporting capital projects to Committees.	Clear written procedures and standards of capital reporting to Capital Programme Board and Committees should be agreed and implemented by management.	A written instruction for reporting capital projects will be developed in conjunction with the Capital Programme Board for Board and Committees use.	Head of Corporate Finance and Commercialism.	31/12/22
		Guidance on project management is held in disparate places under multiple documents for example there are 2 separate policies on project management; one for construction projects and one for other projects. Neither have been reviewed recently.	Review all project management guidance and policies to ensure they are up to date and available to all relevant staff.	A review of all Project Management Guidance will be carried out by the Capital Programme Board to ensure policies are fit for purpose.	Chair of Capital Programme Board	30/06/23
M2	Medium	Concerns over Information Management were identified for IEE: <ul style="list-style-type: none"> <li>Regular meeting notes not held as expected (procedure OP421 states meetings to be held monthly).</li> <li>Projects spread across 3 different drives</li> <li>Inconsistent places for holding documents</li> <li>26 e-signatures held in a shared drive</li> <li>Paper files held duplicating electronic system and held across multiple locations</li> <li>Not all documents in files where expected and had to be located by IEE PDU team</li> <li>Inconsistency in what compensation event detail is held in particular lack of evidence of authorisation.</li> </ul>	All projects should have the necessary files held in correct project folders, correct sub folders and appropriately named.  The Service should discontinue using paper files where electronic files already exist. If necessary, paper files should be stored in 1 location and kept to a minimum. Consolidation of the shared drives should be undertaken. Instructions should be sent to all project managers on the correct use of sub folders and file naming should follow a consistent pattern.  Longer term it would be better to move away from shared drives to SharePoint and a meeting should be held with officers from	Agreed  Agreed, actioned already with no paper files now held. File naming convention is in place for site works. File naming for procurement for new projects has been standardised.  There are 3 servers currently used for the Administration of Contract supervision and site works.	Principal Engineer, IEE PDU Team	Ongoing  Complete  30/06/22

Ref	Priority	Finding	Recommendation	Management Response	Implementation											
					Responsible Officer	Target Date										
		<ul style="list-style-type: none"> <li>No evidence of gateway reviews held in files.</li> </ul> <p>(It is recognised that the Contractors Database refers to specific file locations which partly explains the current filing arrangements.)</p>	<p>SharePoint Management and the Transformation Service to explore options.</p> <p>(Note as part of the audit detailed findings and recommendations were put to the Principal Engineer who has already started making some changes).</p> <p>Evidence of gateway reviews should be held in project files.</p>	<p>Discontinue use of shared drive 3.</p> <p>From an administration point of view the two servers separating site operations from Contract tendering and administration makes sense.</p> <p>Consider SharePoint longer term changes.</p> <p>Agreed Gateway reviews are a requirement of the Project Management Governance Policy for Construction Projects and will be held by the design team responsible for the project in consultation with the site team following construction completion.</p> <p><b>Gateway Reviews</b></p> <p>A Gateway Review process should be followed on all projects but should be tailored to suit the size and complexity of project. For Major and OJEU projects, a formal review should be undertaken at each gateway outlined below but for minor and medium projects, agreement should be sought by the Project Manager, in conjunction with the project sponsor, as to when reviews are required. Additional gateways can be included, as agreed by the Project Manager in conjunction with the Project Sponsor and should be determined at project initiation.</p> <p>A Gateway Review template is provided in Appendix B.</p> <table border="1"> <thead> <tr> <th>Project Stage</th> <th>Types of Review</th> </tr> </thead> <tbody> <tr> <td>Brief preparation and project initiation</td> <td>Gateway</td> </tr> <tr> <td>Outline proposals and initial budget costing</td> <td>Gateway</td> </tr> <tr> <td>Developed Design/Pre-tender</td> <td>Gateway / Lessons Learned</td> </tr> <tr> <td>Construction/Handover</td> <td>Lessons Learned</td> </tr> </tbody> </table>	Project Stage	Types of Review	Brief preparation and project initiation	Gateway	Outline proposals and initial budget costing	Gateway	Developed Design/Pre-tender	Gateway / Lessons Learned	Construction/Handover	Lessons Learned		<p>30/06/23</p> <p>On-going</p>
Project Stage	Types of Review															
Brief preparation and project initiation	Gateway															
Outline proposals and initial budget costing	Gateway															
Developed Design/Pre-tender	Gateway / Lessons Learned															
Construction/Handover	Lessons Learned															
M3	Medium	<p>Concerns over Information Management were identified for P&amp;H:</p> <ul style="list-style-type: none"> <li>Project folders do not always contain expected files, contractor insurance was not always held on file) files are</li> </ul>	<p>All projects should have the necessary files held in correct project folders, correct sub folders and appropriately named.</p> <p>Viewpoint should be used correctly as per existing</p>	<p>The Property Team are in the process of migrating to a new system (Concerto) from the previous Workload Monitoring database. A period of checking and populating each project entry is taking place. This may</p>	P&H – Programme Manager	31/03/23										

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		<p>held in wrong place, file naming convention not always followed</p> <ul style="list-style-type: none"> <li>Viewpoint Software used inconsistently</li> <li>Information missing from database</li> <li>Delays setting up projects leading to later inefficient data transfers</li> <li>Signed Compensation Events/Change Control forms not held in project files so no clear evidence of correct authorisation</li> <li>No gateway reviews held in files.</li> </ul>	<p>guidance and database fields completed where required. Projects should be set up on the database timeously i.e. at design stage.</p> <p>Project folders should contain all signed Change Control forms for a project.</p> <p>Evidence of gateway reviews should be held in project files.</p>	<p>result in some minor development of the Concerto system to suit P&amp;H practises but may also result in some alterations to project processes and procedures. A period of staff training and mentoring will be taking place. In due course, some internal spot checks will take place to ensure that the system and procedures are being used correctly and that all relevant information is being uploaded.</p>		
M4	Medium	<p>Risk Registers were not identified for 5 projects although for 2 some evidence of risk assessment as undertaken.</p> <p>P&amp;H procedures already have risk management as a project stage and a template risk register but it is not clear at what threshold a full risk register needs to be created and maintained.</p> <p>IEE procedure 421 lists risk registers as a separate space in project folders but procedures</p>	<p>All projects should have an active risk register stored in project files and this should be done in accordance with project procedures.</p> <p>IEE procedures should state at what stage a risk register is</p>	<p>P&amp;H: Previous workshops have been held with Project Management staff and mentoring has taken place regarding risk management. A further session will be held to reinforce compliance with the Project Management Governance Policy (construction) and project procedures. Any revisions to policies and guidance resulting from the review outlined in M1 will be communicated to staff. The Programme Manager will carry out spot checks on major projects to ensure compliance.</p> <p>IEE: The risk register (early warning register in NEC4) which is highlighted in procedure 421 is</p>	<p>P&amp;H – Programme Manager</p> <p>PDU Team, Principal Engineer</p>	<p>31/03/23 and ongoing for updating staff on updated policies</p> <p>Ongoing</p>

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		do not explicitly set out when a risk register should be created and maintained.	created and create an appropriate template for this.	a obligation under an NEC4 Conditions of Contract and is highlighted by the designer at tender stage and then created and maintained by the Contractor through the construction phase. There is no requirement to amend OP421 as this is a defined contract term.		
M5	Medium	<p>VAT was not extracted for 1 payment on Integra so project costs were overstated by £8,558.</p> <p>An invoice for £10,236 was paid twice due to an error. Although refunded by the supplier this and the above error were not identified in capital budget monitoring.</p>	<p>A journal should be processed to correct this error.</p> <p>Project monitoring should check that invoices have been correctly entered on Integra, VAT treated correctly and invoices only paid once.</p>	<p>Contact will be made with the officer who input the invoice, instructing them to contact the VAT Team to see if a journal can correct this.</p> <p>Both errors were caused when invoices were processed directly into Integra by non-Property staff. As the invoices by-passed Property systems we couldn't put the usual checks and gateway approvals on them, and as a result errors occurred. Communication will be issued reminding staff of their responsibilities when it comes to processing invoices.</p> <p>If a contractor is CIS registered then the Creditors Team in Finance require copies of all invoices which they double check before releasing for payment.</p> <p>Business Support staff have been trained on Concerto and periodic reminders are issued on the importance of accurate data</p>	<p>Business Support Officer 3, P&amp;H</p> <p>Business Support Officer 3, P&amp;H</p>	<p>Complete</p> <p>31/08/22 and ongoing</p>

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
				<p>entry- a reminder can be issued following this audit.</p> <p>Concerto requires secondary authorisation so if a transaction was entered incorrectly it should be picked up at authorisation and is the responsibility of the authoriser.</p>		
M6		<p>Post projects reviews (debriefs) and lessons learnt documents are produced but this is not done for all projects or used in a coordinated way as part of the scrutiny process.</p>	<p>All projects regardless of size should be subject to lessons learnt if there are significant variations in terms of budget, timescale or quality issues arise. These should be fed into the Capital Programme Board and Committee reporting as part of improved governance arrangements.</p>	<p>IEE: debriefs will be undertaken for all projects as per internal policy OP421.</p> <p>P&amp;H: Whilst a lesson learnt process is actively being used on major projects, it is recommended to develop criteria for all projects, regardless of size or value, whereby a proportionate review should be undertaken. This review should also include the creation of a process in which feedback from all projects can be collated and used for continual improvement.</p> <p>Working groups are being established to look at ways of collating lessons learnt and using them to drive improvements. The Programme Manager will also speak to C&amp;PSS about what other authorities in the Shared Service do in regard to lessons learnt documentation.</p> <p>A lessons learned tracker has been used on 1 larger project</p>	<p>Principal Engineer, IEE PDU Team</p> <p>P&amp;H – Programme Manager</p>	<p>Ongoing</p> <p>30/11/22 and ongoing</p>

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		IEE debriefs do not record total project costs or refer back to the original project budget.	IEE debriefs should detail the initial project budget and total final cost.	allowing issues to be identified throughout the project lifecycle, this model could be rolled out for use in other projects.  Agreed-debrief to be amended.  Debrief information will be fed into the Capital Programme Board and Committee reporting instruction as outlined at M1.	Principal Engineer, IEE PDU Team  Head of Corporate Finance and Commercialism	31/03/23  31/12/22
L1	Low	There were some areas where Service procedures are out of date, inaccurate or lacking requisite detail: IEE: references to previously used contract type rather than current. Unclear when quality plan should be produced, circumstances where Committee approval required not specified, contractor payment control process not outlined in full.  P&H: multiple lists of available frameworks.	Service procedures should be updated to ensure these are complete and accurate with obsolete procedures deleted.	Agreed, update OP421 to align with NEC4 documents  Only 1 list of frameworks is now on P&H SharePoint and this will be reviewed and updated monthly.	Principal Engineer, IEE PDU Team  P&H – Programme Manager	31/03/23  Complete and reviews ongoing
L2	Low	CSOs and the Procurement Manual do not contain all requisite information for capital projects, namely: • Information on performance bonds specifically:	CSOs and the Procurement Manual should be reviewed and updated to include this information.	The Procurement Manual will be reviewed to take account of the audit findings.	Head of Corporate Finance and Commercialism, and Strategic Commercial Manager (C&PSS)	31/12/22

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		<p>thresholds and circumstances when a bond is required and who authorises whether a bond is needed (Services have produced their own guidance on this).</p> <ul style="list-style-type: none"> <li>• Construction project value threshold when financial assessment of a contractor is required</li> <li>• Obligation to notify Council's Insurance Officer of completed construction projects</li> <li>• Outlining obligations from recent procurement legislation and regulations</li> <li>• Choice of contract type for example if a nationally prescribed construction contract is used or not</li> <li>• The process for authorising capital projects to go ahead</li> <li>• Process to undertake in event of contractor liquidation</li> <li>• Circumstances where Design and Build contracts are appropriate to use.</li> </ul>				
L3	Low	The Non Competitive Action Exemption to CSOs (NCA) Form was appropriately signed for 1 project but it was not clear which of the valid exceptions/exemptions from CSOs this decision came under.	The Non Competitive Action Exemption to CSOs (NCA) Form should be amended to contain a tick list listing all the valid exceptions and exemptions from CSOs and one of these options should be selected for each	The Contract Standing Orders and the NCA form will be updated and the Procurement Manual will be reviewed to take account of the audit findings.	Head of Corporate Finance and Commercialism, and Strategic Commercial Manager (C&PSS)	31/12/22

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
			<p>project using the NCA route (a narrative explanation should still also be provided). The NCA form should state which sections of CSOs deal with exemptions and exceptions.</p> <p>The Procurement Manual sections on Non Competitive Action should be updated to clearly list the valid reasons for the NCA and these should align with CSOs.</p>			

Appendix 1 Sampled Projects

<b>Project Number</b>	<b>Service responsible for project management</b>	<b>Title</b>	<b>Budget</b>
1	Infrastructure, Environment and Economy	White Bridge Realignment	£2,225,000 (tender value for principal contractor)  Total cost including all fees not identified
2	Infrastructure, Environment and Economy	Stromeferry Rockworks Phase 10	£651,527.29 (principal contractor)  Total project estimated costs £895,000
3	Infrastructure, Environment and Economy	King Street Car Park, Tain	£112,583.68 (principal contractor at tender valuation stage)
4	Infrastructure, Environment and Economy	Raigmore Active Travel Link	£1,031,391.78 (tender value for main contractor)  Total cost estimated £1,400,000 but part of a wider multi million active travel project
5	Property Housing and	53 New Flats & 8 New Shop Units, Union Street, Inverness	£9,000,000
6	Property Housing and	20 New Housing Units, Slackbuie, Inverness	£2,200,000 at Project Initiation
7	Property Housing and	Nairn Academy - Resurfacing of STP (Sports pitch)	£336,236.15
8	Property Housing and	Highland Archive Centre - PV Installation (Photovoltaic panels)	£75,000

## AGENDA ITEM 6.3



### Internal Audit Final Report

Infrastructure, Environment and Economy

Harbours Fuel Sales

Description	Priority	No.
Major issues that managers need to address as a matter of urgency.	High	1
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	3
Minor issues that are not critical but managers should address.	Low	1

#### Distribution:

Executive Chief Officer – Infrastructure, Environment and Economy  
Head of Planning, Environment and Low Carbon Transport - Infrastructure, Environment and Economy  
Harbours Manager - Environment and Low Carbon Transport - Infrastructure, Environment and Economy  
Marine Superintendent - Environment and Low Carbon Transport - Infrastructure, Environment and Economy  
Revenues Manager, Resources and Finance  
Head of Corporate Finance and Commercialism – Resources and Finance  
External Audit

#### 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.

**Report Ref:** HIE08/002  
**Draft Date:** 29/06/22  
**Final Date:** 29/07/22

## 1. Introduction

- 1.1 Marine fuel is sold at 10 Council run harbours: Lochinver, Kyle, Uig, Gairloch, Elgol, Helmsdale, Dornie, Portree, Kinlochbervie and Nairn. The total value of fuel purchased in financial year 2021/22 was £12.1m with total sales of £13.2m, resulting in a surplus of £1.1m.
- 1.2 The audit reviewed the processes for the purchase and sale of fuel to ensure that the best available price is secured for purchases and that a competitive but profitable retail price is set for fuel sales. The way in which fuel is stored and dispensed across all sites was examined and the audit also assessed the processes to ensure that income from the sale of fuel at harbours is received by the Council. In particular, the recording of sales, billing, checking that customers are creditworthy where credit is requested and for recovering overdue debt.

## 2. Main Findings

### 2.1 Fuel purchases

This objective was partially achieved. When purchasing marine fuel, multiple suppliers are contacted to secure the most competitive price. At least 3 responses are required and the supplier offering the lowest price is selected. A sample of 10 fuel purchases made since 01/04/21 was examined and all were found to be satisfactory.

There are currently no contract arrangements in place for the purchasing of marine fuel. As the value of marine fuel purchased on an annual basis is outwith the thresholds set out in Section 4.1 of the Highland Council Standing Orders, it is therefore not compliant with current procurement requirements. Discussions have taken place with Procurement Shared Services to establish a framework agreement which would offer harbours a route to market which would be compliant (see action plan H1).

### 2.2 Fuel storage

This objective was fully achieved. Marine fuel is stored in secure tanks at each harbour site and can only be accessed by inserting

a key fob into a Vectec control terminal and entering a pin number. All Harbour Masters have a key fob, as does the Harbours Manager and they are also issued to customers with a credit account.

The way in which fuel is stored is compliant with the 'Water Environment (Controlled Activities) (Scotland) Regulations 2011 (as amended)' which is regulated by SEPA.

### 2.3 Fuel sales

This objective was partially achieved. All fuel sales are recorded on Vectec, and regular stock checks are carried out whereby the amount of fuel used is reconciled against sales. However, the stock reconciliation spreadsheets are not saved on the Harbours SharePoint site which means that the information is not readily accessible (see action plan L1).

Payment for fuel can be made at the point of sale or, for credit customers, an invoice will be raised shortly after the date of sale. A sample of 30 invoices raised after 01/04/21 was examined and all had been raised within 1 week of the date of sale apart from in 2 instances:

- 0000828918 (123 days) - technical issues at Old Dornie Harbour
- 0000829178 (40 days) - transaction did not show on Vectec weekly billing report but was picked up as part of monthly compensatory check.

All sampled invoices matched the sales details recorded on Vectec apart from in one case where a 0.30p self-service discount had not been applied due to an anomaly with the pricing software algorithm. This issue has been raised with the system owner.

A sample of 10 cash sales recorded on Integra after 01/04/21 was examined and in all instances the appropriate banking paperwork had been submitted, the monies had been received in the Council's bank account and the amount banked matched the sale on Vectec. However, the Harbour Master had calculated the price per litre incorrectly on 2 occasions when processing the sale:

- 14/06/21 1290000476 – 61.11p used but should have been 53.90p
- 10/01/22 1680000446 – 64.95p used but should have been 61.30p.

The Harbour Masters are provided with up-to-date fuel price information and are supported by Harbours HQ if they have any queries regarding pricing. However, in both instances the member of staff was relatively new to the role and this may have contributed to the errors being made (see action plan M1).

#### 2.4 *Retail price*

This objective was partially achieved. Retail prices are compared against current market prices daily to ensure that they remain competitive and to monitor progress against the target margin.

The budgeted fuel margin is set annually as part of the budget setting process. In 2017/18, as part of budget saving measures, the mark up on each litre of fuel sold was increased from 3p to 6p per litre to generate additional income of £240,000. The budgeted margin per litre has remained unchanged since then and although it was exceeded in 2017/18, it has not been achieved since then. Despite being responsible for delivering the budgeted fuel margin, the Harbours Manager is not involved in the annual budget setting process (see action plan M2).

#### 2.5 *Debt management*

This objective was partially achieved. Credit agreements are completed by customers who wish to purchase fuel on credit and credit checks carried out where necessary. Volume limits rather than credit limits are placed on key fobs, and these tend to be based on the tank capacity of a vessel.

Credit agreements could not be located for 4 out of 10 sampled credit customers. However, a new fuel management system is being introduced over the coming months which will allow for a review of current fuel limits and updated credit agreements to be obtained.

If an invoice remains unpaid 55 days after the due date, the key fob will be cut off so that no further fuel can be supplied on credit.

A sample of 15 overdue invoices was examined and reminders 1 and 2 had been issued within timescales specified in the Councils Financial Regulations apart from in one instance where the invoice was queried, and this delayed reminder 2 being issued. Reminder 3 is specific to harbours, and all had been issued 55 days following the invoice due date to the nearest Monday.

The Harbours Manager receives a monthly outstanding invoice report and a Harbour Aged Debt report, on a less regular basis, from Income and Recovery. It is the latter report which has historically been used to identify those customers that have been sent a reminder 3 letter and whose credit should be suspended. For 9 of the sampled invoices, Harbours HQ were not aware that the 3<sup>rd</sup> reminder had been issued and for the remaining 6, the notification had been received some time after the letter had been issued. For 14 out of the 15 sampled transactions, fuel was still provided on credit as invoices had continued to be raised after a 3<sup>rd</sup> reminder had been issued (see action plan M3).

### **3. Conclusion**

3.1 There are well established processes in place for the purchase and sale of marine fuel and these are well managed by an experienced team at Harbours HQ. Fuel is stored securely, access to it is strictly controlled and stock levels are routinely monitored and reconciled with sales. Fuel prices are closely monitored as is progress against the budgeted target margin.

However, there are some areas for improvement in that there needs to be a more collaborative approach taken when setting the budgeted target margin and it is essential that work on a framework agreement, which was put on hold due to the pandemic, be progressed.

Sales invoices are issued in an accurate and timely manner and the appropriate reminders issued when payment is not received. However, there are some issues around overdue invoices, and this should be resolved in conjunction with Income and Recovery so that credit can be withdrawn promptly to avoid further debt accumulating.

#### 4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
H1	High	<p>The value of marine fuel purchased on an annual basis is outwith the contract value threshold set out in Section 4.1 of the Highland Council Standing Orders i.e., a competitive tendering exercise should be carried out for goods and services with a value of over £50,000.</p> <p>Therefore, fuel purchasing arrangements are currently not compliant with procurement requirements.</p>	A framework agreement should be put in place to ensure that purchasing arrangements are compliant with current procurement requirements.	<p>The Harbours Manager and Procurement Manager will form the core tendering team. The steps and general timeline will be as follows:</p> <ol style="list-style-type: none"> <li>1. Develop and agree tendering strategy in the next 4 weeks.</li> <li>2. The tender pack has been already drafted.</li> <li>3. A subsequent lead in time of 4-6 months will be required for DPS creation, tender out and returned, award and implementation.</li> </ol>	Harbours Manager / Strategic Procurement Manager/ Contracts Officer	31/03/23
M1	Medium	The Harbour Master had calculated the price per litre incorrectly on 2 occasions when processing a sale. In both instances the member of staff was relatively new to the role, and this may have led to errors being made.	All new members of staff who will be responsible for dispensing and taking payment for marine fuel should receive appropriate training, as part of the induction process.	Agreed – with immediate effect, all new staff will receive appropriate training as part of their induction process.	Marine Superintendent	Complete
M2	Medium	The budgeted margin per litre has remained unchanged since 2017/18 and has not been achieved since then. Despite being responsible for delivering the budgeted fuel margin, the Harbours Manager is not involved in the annual budget setting process.	The Harbours Manager should be involved in the annual budget setting process to ensure that the budgeted margin per litre is reasonable and achievable.	A meeting is to be arranged with Corporate Finance to discuss achievable fuel margins to inform budget setting process for 2023/24	Corporate finance / Harbours Manager / Head of Corporate Finance & Commercialism/ Head of Planning Environment &	31/12/22

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
					Low Carbon Transport	
M3	Medium	For 9 of the sampled invoices, Harbours HQ were not aware that the day 55 letter had been issued and for the remaining 6, the notification had been received some time after the letter had been issued.	Harbours HQ staff should meet with colleagues from Income and Recovery to discuss these issues and formalise a plan to resolve them.	Discussions have been held with Revenues & Customer Services to examine and resolve issues relating to Invoice notification and the following actions have been agreed: <ul style="list-style-type: none"> <li>• 30 days overdue letters issued automatically by I&amp;R</li> <li>• 55 days overdue letters go out on day I&amp;R receive them (or as soon as possible)</li> <li>• 60 days overdue, I&amp;R informs Harbours by email of all outstanding invoices and Harbours then advise appropriate course of recovery action for each customer</li> <li>• Recovery provides feedback to Harbours on debts passed to Sheriff for collection</li> <li>• Spreadsheet which is on SharePoint can be accessed and updated by Harbours</li> <li>• Proposed Write off's discussed and agreed with Harbours.</li> </ul>	Harbours Manager / Revenues Manager	Complete
L1	Low	Stock reconciliation spreadsheets are not saved on the Harbours SharePoint site which means that the information is not readily accessible.	The stock reconciliation spreadsheets, and any other information which requires to be accessed by multiple users, should be transferred to the Harbours SharePoint site.	Agreed – the stock reconciliation spreadsheets have now been transferred to the harbours SharePoint site.	Harbours Manager	Complete

## AGENDA ITEM 6.4



### Internal Audit Final Report

Infrastructure, Environment and Economy

Highland Coastal Communities Fund

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	2

#### Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Reasonable Assurance** can be given in that whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk

#### **Distribution:**

Executive Chief Officer - Infrastructure, Environment and Economy  
Programme Manager - Infrastructure, Environment and Economy  
Economy & Regeneration Manager - Infrastructure, Environment and Economy  
Head of Development & Regeneration – Infrastructure, Environment and Economy

**Report Ref:** HIE13/001

**Draft Date:** 14/06/22

**Final Date:** 20/07/22

## 1. Introduction

- 1.1 The Highland Coastal Communities Fund (HCCF) supports economic regeneration and sustainable development around coastal areas with funding allocated to Highland Council by the Scottish Government. The audit covered round 1 of funding which included allocations for financial year 2019-20 and 2020-21, £1,292,405 and £1,742,298 respectively. A total of 86 projects have successfully secured funding from this round with 99% of the fund committed.
- 1.2 The audit assessed the way in which applications for funding are assessed and approved and the controls in place for checking grant claims and approving payments. A sample of 6 project applications and 12 claims were examined. The audit also looked at monitoring and evaluation arrangements to establish whether they allow for the achievement of project and programme objectives to be effectively measured.

## 2. Main Findings

### 2.1 *Application assessment and approval*

This objective was partially achieved. Project eligibility criteria was agreed at a meeting of full Council on 10/09/20 and it is in line with Scottish Government requirements, i.e., that funding should be used to benefit coastal communities by supporting local projects or initiatives.

This first round of HCCF funding opened on the 23/11/20 with an initial call for Expressions of Interest (EOIs) and a deadline for submission of 03/12/20. During this period, over 200 EOI's were received. Local priorities were then set by some Area Committees, who are responsible for project approval, to assist with the process of allocating limited funding within their area (see action plan M1).

There is a standard application form and guidance for applicants on how to complete it. Once submitted, a detailed assessment of the application is carried out by a Project Officer, a RAG status is assigned to 10 key assessment areas and a Technical Assessment

Checklist form is completed to document this. The Checklist is presented by Officers to the relevant Area Committee for a funding approval decision to be made. The sampled projects had been assessed in a consistent manner, funding was awarded in line with project eligibility criteria, and all had been approved by the appropriate Area Committee. Although Checklists are reviewed prior to inclusion within Committee papers, this is not evidenced and there is no requirement for them to be checked and countersigned at the time of completion (see action plan M2).

The following key documentation had been completed/obtained but had not been uploaded to the HCCF SharePoint site (see action plan L1):

- (i) For 3 projects – Technical Assessment Checklist
- (ii) For 1 project – Offer of Grant
- (iii) For 1 project – Post Offer Meeting form
- (iv) For 2 projects – copy of annual accounts
- (v) For 1 project – evidence of control/ownership of asset
- (vi) For 1 project – email evidencing electronic signature on Claim Detail Checklist.

Approved costs for 3 of the sampled projects included an allocation for contingency costs but these had not been treated in a consistent manner. In 2 cases, a condition of grant had been included in the Offer of Grant to the effect that contingency costs should be agreed in advance and for 1 it was specified that these costs should also be attributed to budget headings. For the remaining project, there was no grant condition although evidence would be required before payment was made to ensure that the costs were eligible (see action plan L2).

### 2.2 *Payment of grant claims*

This objective was substantially achieved. There is guidance in place for the payment of HCCF grant claims which ensures that there are appropriate controls in place to prevent incorrect or fraudulent claims being paid and that relevant procurement guidance has been adhered to.

The sampled grant claims had been processed in line with guidance in that payments were:

- for eligible costs
- accompanied by a signed Claim Evidence List
- supported by appropriate documentation e.g., invoice, quote
- for costs incurred after the offer of grant had been issued
- checked by a Project Officer and processed by the Administrator.

All sampled claims were for approved costs detailed in the Offer of Grant apart from in 1 case where claims were paid for additional survey work which had to be carried out due to a change in project location. Although full updated project costs will be supplied once the survey work is complete and capital works have been tendered, there is currently no change request process in place to ensure that such changes are appropriately documented and authorised (see action plan M3).

3 of the sampled grant claims were payments in advance for 100% of the approved grant. The decision was taken to allow this for early claims to help the applicant cashflow the project. However, this approach has now changed, and advance payments will only be made of up to 90% of the approved grant amount. If this change had not already been implemented, a recommendation would have been made to this effect as it is good practice to retain a percentage of funding which would only be released on satisfactory completion of the project.

### 2.3 *Monitoring and evaluation*

This objective was partially achieved. There are effective processes in place for project monitoring with Project Officers responsible for monitoring their own allocation of projects. This is done by way of a post offer meeting, ongoing project progress reporting, end of project reporting, all of which are documented, and regular informal contact with applicants. The new round of funding, which is due to open for EOIs in September this year, will result in an increase in the number of projects allocated to each Project Officer. There are currently 2 vacant Project Officer posts (1.6 FTE), but these have been advertised and once filled should provide capacity for ongoing project monitoring of both new and existing projects.

For the sampled projects, post offer meetings had been held in all cases, and project progress reports had been submitted along with all grant claims. None of the projects had been completed and therefore end of project reporting could not be assessed.

There is currently no monitoring and evaluation framework in place for applicants to report against. For those projects approved as part of round 1 of funding, applicants were asked to report against the objectives/outcomes that were detailed in their applications. It is intended that a full monitoring and evaluation framework will be developed prior to delivery of the next round of funding, and this will allow for detailed and informative reporting on the impacts of funded projects and the funding programme overall (see action plan M4).

Regular monitoring is carried out to ensure that awarded funding is within the total allocation awarded to Highland Council. All awarded grants are recorded on SharePoint and reports can be generated to determine how much funding has been allocated in each area and how much has been claimed so far. Previously, these reports would only be run by the Claims Administrator prior to Area Committees so that up to date information could be provided to Members. However, they are now run on the 1<sup>st</sup> Wednesday of the month and are then discussed as a standing item at team meetings.

### **3. Conclusion**

3.1 Overall, there is a sound system of controls in place to ensure that funding is awarded to projects that will benefit coastal communities in the Highland Council area. However, without a monitoring and evaluation framework in place, the impact of funded projects cannot be effectively measured.

The next funding allocation of £3.2m has already been received and the aim is to open the fund for EOIs in September 2022. There is the opportunity to further build on the solid foundations already in place but with some improvements as set out in the Action Plan.

#### 4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M1	Medium	Local priorities for the first round of funding were set by some Area Committees after the initial call for EOIs to assist with the allocation of limited funding.	Local priorities which are aligned to the Council's priorities, should be set prior to the call for EOIs to more easily manage the number received, better manage applicants' expectations, and reduce frustration due to declined proposals.	As elected Members have control of the funds within each area this is not something we could enforce; however, we are working through a process of wider community engagement to inform this and will talk to Members in each area about implementing it once the results of the exercise are known.	Programme Manager	30/09/22
M2	Medium	Technical Assessment Checklists are reviewed prior to inclusion within Committee papers, but this is not evidenced and there is no requirement for them to be fully checked and countersigned at the time of completion.	Technical Assessment Checklists should be reviewed by someone other than the Project Officer who has completed it and this should be evidenced.	A second signature box to be added to the assessment sheet so that sign off required from two officers. Second check will involve sampling of work undertaken in the first check.	Programme Manager	31/08/22
M3	Medium	There is no change request process in place to ensure that changes to projects after the Offer of grant has been issued and before completion are appropriately documented and authorised.	A formal change request process should be put in place which clearly sets out delegated authority for decision making, i.e., which changes can be authorised by the Programme Manager and Project Officers and which changes would need to be escalated to Area Committees for Member approval. Changes to projects should be documented to evidence that appropriate approval has been obtained and this should be uploaded to the relevant project file on SharePoint.	This is something we have in development and will be valuable going forward. Aim to have it in place prior to any new rounds of funds being open.	Programme Manager	31/08/22

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M4	Medium	There is currently no monitoring and evaluation framework in place for applicants to report against.	A full monitoring and evaluation framework should be developed to allow for more detailed and informative reporting on the impacts of projects funded from round 2 of the funding allocation.	This is being worked on and will be informed by the consultation exercise currently underway. Aim to have in place for new rounds of funding opening.	Programme Manager	30/09/22
L1	Low	Key documentation had been completed/obtained but had not been uploaded to the HCCF SharePoint site:  (i) For 3 projects – Technical Assessment Checklist (ii) For 1 project – Offer of Grant (iii) For 1 project – Post Offer Meeting form (iv) For 2 projects – copy of annual accounts (v) For 1 project – evidence of control/ownership of asset (vi) For 1 project – email evidencing electronic signature on Claim Detail Checklist.	Checks should be carried out to ensure that all key documentation is uploaded to SharePoint as part of the Technical Assessment Checklist review (see action plan M2).	SharePoint to be reviewed and updated.	Programme Manager/Project Officer	30/09/22
L2	Low	Approved costs for 3 of the sampled projects included an allocation for contingency costs but these had not been treated in a consistent manner in the Offer of Grant.	A standard approach should be taken when dealing with contingency costs i.e., a standard condition should be included in the Offer of Grant to the effect that the need/reasoning for contingency costs should be agreed before utilising and attributed to specific budget headings.	To be included as standard condition in offers of grant. Procedures to be updated and confirmation of this given at team meeting. Should be in place for new rounds of funds opening.	Programme Manager	30/09/22

## AGENDA ITEM 6.5



### Internal Audit Final Report

Infrastructure, Environment & Economy

Review of Covid-19 Grants

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

#### Distribution:

Executive Chief Officer of Infrastructure, Environment & Economy  
Head of Economic Development and Regeneration, Infrastructure, Environment & Economy  
Economy and Regeneration Manager, Infrastructure, Environment & Economy  
Head of Revenues & Customer Services, Resources & Finance  
Revenues Manager, Resources & Finance

#### 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 **Substantial Assurance** can be given in that while there is 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.

**Report Ref:** HIE18-002  
**Draft Date:** 05/07/2022  
**Final Date:** 30/08/2022

## 1. Introduction

- 1.1 This is the second audit review that has considered the effectiveness of the Council's Covid-19 grant process. The audit objectives were to assess the processes: for businesses to apply; to identify eligible applicants and to promptly pay eligible applicants the correct grant.
- 1.2 To the end of March 2022 the Council processed a total of 40,442 Covid-19 grant transactions totalling approximately £200m to 17,321 businesses.
- 1.3 The review considered the Council's administration of the Scottish Government's Covid-19 national grants schemes between October 2020 and October 2021 (inclusive). This involved the testing of a sample of 30 grants from the following schemes:

Grant Scheme	Number of Transactions	Total Value (£000s)
Strategic Framework Business Fund (including Restart)	27,029	107,489
Small Accommodation	1,459	9,427
Discretionary	2,006	3,936
Taxi Driver	1,940	2,415
Contingency	35	645
Business Hardship	406	633
<b>Total</b>	<b>32,875</b>	<b>124,545</b>

## 2. Main Findings

### 2.1 Grant Application Process

The audit objective was fully achieved. Audit testing identified that all Covid-19 grant funding requests were supported by completed application forms, recent bank statements and additional documentary evidence as outlined in the Scottish Government's (SG) Covid-19 grants guidance.

### 2.2 Applicants are identifiable and eligible

The audit objective was fully achieved. All grant applicants examined had provided sufficient evidence to confirm their identity and were eligible to receive the grant in accordance with the SG's Covid-19 grants guidance.

### 2.3 Genuine applicants receive correct grant payments

The audit objective was substantially achieved. All grant applicants received the correct grant payment in accordance with the SG's Covid-19 grants guidance. 10 (33%) applicant bank details were agreed to the Council's Revenues and Benefits system. As the remaining 20 (66%) were entitled to 100% relief (thus the Council's Revenue and Benefits system did not hold their bank details), the only evidence supporting the bank details were bank statements provided by the applicants. SG guidance requires that local authorities exercise "due diligence to mitigate fraud" and whilst this may not require the independent confirmation of bank details, it would reduce the risk of grants being paid to invalid or fraudulent applicants. (See Action Plan M1)

1 (3%) grant - Strategic Framework Business Fund (SFBF) Restart £9,000 - was paid to an applicant that had been issued with a significant Sherriff warrant (£4,469 including penalties) for council tax arrears. Generally, SG guidance states that taxpayers are eligible for grant funding irrespective of arrears. The subsequent SG Restart guidance states that local authorities have discretion to withhold grants in very exceptional circumstances where the applicant has significant tax arrears, which have been subject to a court decision. As previous SFBF applicants were eligible to receive a Restart grant without re-application this was processed automatically and the arrears status was not assessed before the grant was awarded. (See Action Plan L1)

## 3. Conclusion

- 3.1 The previous audit report which reviewed the first grant schemes recognised that new systems had to be designed and put in place at great pace. This had an opinion of Reasonable Assurance and contained 4 recommendations to assist the grants team in administering future grant schemes.

This second review has concluded that the Council's Covid-19 grant processes are effective and recognises the improvements that have been made.

#### 4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M1	Medium	20 (66%) grant applicant bank details could not be verified to bank details held on the Council's Revenues and Benefits system or any other independent source. Only the bank statements provided by the applicants supported the bank details provided.	For all grant applicants where bank details cannot be verified to the Council's Revenues and Benefits system, management should undertake a "confirmation of payee" bank check to confirm that the bank details provided (account name, sort code and account number) genuinely belong to the eligible applicant.	The Council's Revenues and Benefits team have now purchased the Experian Bank Wizard which complies with the 'Know Your Customer' banking guidelines. The Council therefore now has access to a system that allows for all payments, be that to business or individuals, to now receive the required check.	Revenues Manager	Complete
L1	Low	1 grant was paid to an applicant who had been issued with a Sherriff Officer warrant for significant Council Tax arrears. The later SG guidance offers a degree of discretion over awards in such circumstances. As this grant was automatically paid to businesses that had received a previous grant award an assessment of the applicant's debt status and thus the discretion to withhold the grant was not applied.	The grants process should include the identification and assessment of the applicant's Council debt arrears. Management should consider the arrears status of each applicant and where the Council can exercise discretion document the basis for its decision to award or withhold the grant.	As part of future grant assessment processes, it has been agreed with Revenues and Benefits team, that they will be contacted to provide information of any arrears in place, to enable a case-by-case assessment as to whether to award or withhold grant.	Economy and Regeneration Manager	31/08/2022

## AGENDA ITEM 6.6



### Internal Audit Final Report

Performance and Governance

Review of Local Democracy

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	3

#### Distribution:

Executive Chief Officer for Performance and Governance  
Executive Chief Officer for Communities and Place  
Head of Corporate Governance, Performance and Governance  
Head of Community Support and Engagement, Communities and Place

#### 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 that put some of the system objectives at risk.

**Report Ref:** HPG01/001  
**Draft Date:** 03/03/2022  
**Re-Draft Date:** 29/06/2022  
**Final Date:** 17/08/2022

## 1. Introduction

- 1.1 The objective of the audit was to ensure that the Council's Area Committees function effectively in accordance with good governance principles and best practice. The audit specifically considered: the number, functions and responsibilities of Area Committees; and the resources and costs associated with Area Committee decision making.
- 1.2 The scope of the review involved an assessment of the Area Committees to ensure that they were operating in accordance with the Council's constitution (Standing Orders and Scheme of Delegation). Additionally, best practice was identified through a comparison of the activities of each Area Committee and with the 5 other Scottish local authorities (Aberdeenshire, Fife, South Lanarkshire, Dumfries & Galloway and Argyll & Bute) that operate local committees.
- 1.3 The audit covered the period 2020/21 and 2021/22 and the Area Committees that were in place at 31 August 2021, namely:

Area Committee	First Meeting	Wards	Members
Badenoch & Strathspey	23/02/2016	1	4
Black Isle	05/08/2021	1	3
Caithness	13/01/2016	2	8
Dingwall & Seaforth	16/08/2021	1	4
Easter Ross	20/02/2020	2	7
City of Inverness	03/06/2013	7	23
Isle of Skye & Raasay	29/02/2016	1	4
Lochaber	26/08/2013	2	7
Nairnshire	27/01/2016	1	4
Sutherland	09/02/2016	2	6
Wester Ross, Strathpeffer & Lochalsh	11/02/2020	1	4

## 2. Main Findings

- 2.1 *Number, functions and responsibilities of Area Committees*

The audit objective was partially achieved. 6 (55%) of the Council's Area Committees are single Ward committees with comprising of 3 Members (1 Committee) or 4 Members (5 Committees). By comparison, the 5 other Scottish local authorities where there are Area Committees, each Committee covers no less than 2 wards with a minimum of 8 Members. The Council's Standing Orders require that "in the case of any Committee, Sub-Committee or other Group, the quorum will be one quarter of the Membership, subject to a minimum of 3". Even with all Members present, with the exception of the City of Inverness, 55% of the Council's Area Committees are close to quorum. For the 5 other Scottish local authorities the difference between quorum and Membership ranged between 4-11 which demonstrates that the Council is out of step when benchmarked against the others.

There are risks associated with small Area Committees, particularly so where it is 1 ward including:

- Difficulty in achieving a quorum, often the absence of a single Member results in this occurring. Consequently, meetings have been cancelled at short notice and required to be rescheduled;
- Decisions could not be taken by the Committee due to Member declarations meaning the meeting was inquorate and items then being referred to the Full Council;
- Members are closely connected to their communities and Area Committees which are just quorate can leave Members exposed where there is disagreement on local matters;
- There is scope for confusion both for Members and the general public as to the difference between Ward Business Meetings (which are held in private for the purpose of local discussion and have no decision-making powers) and Area Committees; and
- There are resource implications which is discussed further at section 2.2.

The Standards Commission has recently revised and updated the Councillors' Code of Conduct. The associated advice notes have introduced more stringent requirements for declarations of interest which has already impacted on quorate numbers (See

Action Plan Reference: M1). As many Members live in their local communities and serve on community bodies such declarations are likely to become more common place. Presently, due to the small size of local committees, the only option is to refer such decisions to the Strategic Committee or Council, removing the ability to make local decisions.

The Council’s Scheme of Delegation outlines up to 68 powers (12 general and 56 specific) for the 10 Area Committees and the City of Inverness Area Committee. The Council’s local committees have the greatest number of powers when compared to the 5 other Scottish local authorities. The reports presented to the Area Committees during the review period (over the COVID period) were mapped against the scheme of delegation specific powers (see Appendix 1), which can be summarised as:

Specific Powers	No.	Used		Useable	
		Yes	No	Yes	No
Corporate	8	1	7	4	4
Finance	4	4	0	4	0
Communities & Place	16	4	12	14	2
Housing & Property	7	6	1	6	1
Economy & Infrastructure	14	10	4	13	1
Education	7	4	3	7	0
<b>Total</b>	<b>56</b>	<b>29</b>	<b>27</b>	<b>48</b>	<b>8</b>

Management stated that 48 (out of 56) powers could be exercised if needed, with 29 having been used. (See Action Plan Reference: M2)

Area Committees unlike the City of Inverness Area Committee do not have the specific Scheme of Delegation power 2.8: *“To allocate and monitor expenditure from any agreed and delegated localised funds and to allocate Ward Discretionary Grants where individual grant awards exceed £10,000 (individual awards of up to £9,999 are delegated to the Ward Manager following consultation with local Ward Members)”*. (See Action Plan Reference: M3)

The review identified 5 occasions where the business of the Area Committee was discussed at the Ward Business Meetings and not subsequently reported to the next Area Committee for approval or for information. 1 (garage rent increase) was an error. The remaining items were winter maintenance plans which were not reported because there were no changes to the previously agreed plans. However, this was inconsistent with other Areas where these plans, which also required no changes, were submitted to the Area Committee for approval at the request of members. (See Action Plan Reference: L1)

## 2.2 Resources and costs associated with Area Committee decision making

The audit objective was partially achieved. On average 7 Members attended Area Committee meetings with an average of 8 officers also in attendance. By comparison for the 5 other Scottish local authorities more Members than officers attended local meetings (range 1.1 to 9.5 more Members than officers). As the review period covered the pandemic this allowed more Highland Council officers than usual to attend remotely. In the future, officer attendance may depend on whether committees are in person, virtual or a hybrid. This is because: i) the geography of the Highland area, the distances required to travel and the need to reduce our carbon footprint; and (ii) as some managers cover more than one Area Committee and more than one committee takes place on the same day.

The officers who were the authors of the most frequent reports to Area Committees were contacted to establish the time taken to prepare a single report. 6 of the 8 officers provided a response of the time taken and their hourly rates were used to calculate the costs involved which was then averaged. There are normally 4 scheduled meetings per annum with an average of 5.5 items resulting in an estimated annual cost of £180,506. However, the total cost will be higher as it does not include all officers who have provided reports to Committee, does not include the time travelling to and attending meetings, and does not account for any special meetings held outside the normal Committee timetable.

A similar exercise was undertaken for the Committee Clerks and Ward Managers. The annual costs were estimated as £27,569 and £79,500 respectively. (See Action Plan Reference: M4)

The Head of Community Support and Engagement provided a time analysis for 3 meetings of a typical Area Committee, which estimated that an average of 78.6 hours was required to prepare, support and attend a meeting. The estimated cost of this time analysis equates to £113,520 per annum.

Analysis of the 386 agenda items presented to the 70 Area Committee meetings showed that less than half (176) were for decision and the remaining 210 for information or scrutiny only. The latter included: Police/Fire performance (54), where scrutiny is currently delegated to each Area Committee for them to fulfil the terms of the Police and Fire Reform Act; Housing performance (35); Education overview (28); and Community Presentations (26). (See Action Plan Reference: L2)

For 1 Area Committee the roads capital programme was not fully approved until August 2021, which may have risked the delivery of the programme, the attainment of best value and led to revenue budget pressures. On this occasion the unusually mild autumn weather allowed for the timely completion of this programme. (See Action Plan Reference: L3)

### **3. Conclusion**

- 3.1 The effective operation of Area Committees is key to the Council's commitment to local decision making but the audit review has identified that there is scope for improvement. This includes the need to review the Scheme of Delegation to reflect the actual remit of the Area Committees. There are challenges and risks associated with making democracy too local and particularly the functioning of single Ward Area Committees, which include the financial and non-financial costs of officers who are required to attend. The delivery of Effective Governance in Local Decision Making is recognised as a Corporate Risk(link: [Corporate Risk CR5](#)). Management should work with Members in order to address the identified risks and the issues from this report in order to ensure that local democracy is working as effectively as possible and can demonstrate Best Value.

#### 4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M1	Medium	<p>Comparisons were made between the Highland Council and other Scottish Councils that have Area Committees. This showed that only Highland has Committees comprising of single wards and has significantly less members. Aberdeenshire Council has a similar number of councillors (70) and wards (19) to the Highland Council but operates with 6 local committees comprising of 10 - 15 Members and having a quorum of 3 or 4.</p> <p>There are a number of risks associated with operating small Area Committees including inability to achieve quorum and make decisions as a result of members declaring conflicts of interest requiring them to leave meetings.</p>	<p>Management should in accordance with the Council motion on improving local democracy continue to highlight the risks that the operation of 3 and 4- Member Area Committees has upon effective governance in local decision making (<a href="#">Corporate Risk: CR5</a>) and propose to Council that the amalgamation of some Area Committees is an option to mitigate these risks.</p>	<p>Options for taking forward the motion on improving local democracy agreed in December 2021, will be considered by the new Council. This will include the governance structures in place at a local level and the options to mitigate the risks of the current structures highlighted by the audit.</p>	Depute Chief Executive	31/03/2023
M2	Medium	<p>Part III of the Council's Scheme of Delegation outlines 62 and 66 powers respectively for the 10 Local Area Committees and the City of Inverness Committee. The powers are the greatest number when compared to the 5 other Scottish local authorities that operate Area Committees (Aberdeenshire: 50; Dumfries &amp; Galloway: 10; Fife: 27; Argyll &amp; Bute: 15; South Lanarkshire 10).</p>	<p>The powers listed within the Scheme of Delegation should be reviewed to ensure that these reflect the actual workings of the Area/ City Committees. It is recommended that these are then split to show those that will be exercised routinely and those that apply as and when required.</p>	<p>The list of powers will be reviewed during the next Scheme of Delegation review.</p> <p>A standing item on Area Business Meetings will be Area Committee agendas to enable Members to highlight what they may wish to come forward for consideration at Committee.</p>	<p>Head of Corporate Governance</p> <p>Head of Community Support and Engagement</p>	<p>31/10/2023</p> <p>Ongoing</p>

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		A number of the powers listed are unlikely to ever be needed and others are there if required.				
M3	Medium	Area Committees (not City of Inverness Area Committee) are making Finance decisions in relation to Ward discretionary COVID Funds, Town Centre Funds, Place Based Investment Funds. However, they do not have these powers within the Scheme of Delegation. Instead, the Area Committees were permitted to allocate ward discretionary COVID funds by a decision of Council on 17/12/20 and also to allocate the Place Based Investment Fund by Council (Budget) on 04/03/21.	Management should amend the Local Area Committee Scheme of Delegation to include a power covering localised funds and ward discretionary grants then present to Council for approval.	This is an administrative oversight and will be actioned at the earliest opportunity during the next Scheme of Delegation review in October 2022.	Head of Corporate Governance	31/10/2022
M4	Medium	There are significant costs associated with officer time preparing reports for Area Committees. The review period was during Covid-19 when meetings were held online meaning that these costs are lower as they do not include travel and also allowed greater officer flexibility for attendance that will not be possible for face-to-face meetings.	Management should work with Members to identify an appropriate and sustainable model for supporting local democracy.	Options for taking forward the motion on improving local democracy agreed in December 2021, will be considered by the new Council. This will include the governance structure in place at a local level and the resource implications.  All Area Committee will either continue to be held virtually or a hybrid model adopted to enable officers to attend remotely to reduce costs, reduce the carbon footprint and enable management of area committees taking place on the same day.	Depute Chief Executive  Head of Corporate Governance	31/03/2023  Ongoing

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
L1	Low	A review of the Ward Business Meeting Action Notes identified that the setting of rents for local garages in Wards 1 & 4 was wrongly approved there on 15/3/21 rather than the Area Committee.	Management should clarify with Members what business can be discussed at ward business meetings and what business must be determined or ratified at the appropriate Area Committee meeting to comply with the Council's governance arrangements.	Over 99% of decisions were taken in the appropriate forum representing strong transparency in local decision making.  The Members' induction programme – both strategic and local – included where decisions of the Council are made and the purpose of Area Business meetings.	Head of Community Support and Engagement	Complete
L2	Low	During the period examined 46% of the agenda items were for decision with the remaining 54% for information and scrutiny only.	Management should consider whether there are more effective ways for the Council and its Members to receive service information and to scrutinise service performance.	Officers will work with Members in Area Business Meetings to identify appropriate items for Area Committees, noting that a key role for Members is scrutinising service performance.	Head of Community Support and Engagement	Ongoing
L3	Low	Two specific services areas – Area Roads and HRA: Housing – are primarily officer led collective procurements that are subject to Member approval. For 1 Area Committee the full approval of the roads capital programme was delayed (from 17/2/2021 to 12/8/21), which may have risked the delivery of the programme, attainment of best value and further revenue budget pressures.	Management should consider the effectiveness of pre-meeting consultation to ensure that annual work programmes are promptly agreed within the Area Committee meeting timetable.	Unless in exceptional circumstances, Services will present work programmes for agreement in the preceding year for implementation the following year.	Service Managers	Ongoing

**Analysis of Scheme of Delegation Powers Used by Area Committees**

The information below details the number of reports presented to Area Committee (Inverness City and Area or the Local Area Committees) together with the associated delegated powers that have been used. In some cases, there are differences in the powers delegated to the Inverness City and Area, and the other Local Area Committees, these are shown in italics below and an “x” is shown to denote that this power is not applicable. A “g” is shown where a general power may also have been also have used in addition to a specific power and an “n” indicates those powers that are not expected to be routinely used. In addition, a summary of the total number of other reports are shown at the bottom of the table to provide the complete picture of business items.

Local Committee Decision as per Scheme		April 2020 to November 2021											
		Totals by power	Badenoch	Black Isle	Caithness	City of Inverness	Dingwall	Easter Ross	Isle of Skye	Lochaber	Nairnshire	Sutherland	Wester Ross
<b>1.</b>	<b>General Powers</b>												
1.1	To appoint the Chair of the Local Committee, responsible for the running of the Committee and the management of its functions. To appoint a Civic Leader where appropriate. <i>(Provost and Depute Provost for CIAC)</i>	1	x	x	x	1	x	x	x	x	x	x	x
1.2	To work with partners to achieve the effective promotion and future prosperity of the <i>(City/)</i> Area, facilitating opportunities for inward investment, regeneration and economic development of the <i>(City/)</i> Area. <i>This includes the realisation of the "Inverness City Vision".</i>	6	g	g	g	g	g	g	3	1	g	1	1
1.3	To develop appropriate connections with, and ensure Council support for, the local community planning partnership for the area covered by the Local Committee. <i>To develop appropriate connections with, and ensure Council support for, the local Community Partnership for the area</i>	9	g	g	g	g	g	g	g	g	g	g	g
1.4	To ensure implementation of the Council’s place-based approach to service design and delivery, involvement and participation to localism and place planning as it relates to the locality. <i>To ensure implementation of the Council’s approach to localism and place planning as it relates to the City/Area.</i>	36	5	1	4	g	1	6	4	6	4	2	3
1.5	To scrutinise and monitor the local delivery of Council services, within approved resources and strategy.	g	g	g	g	g	g	g	g	g	g	g	g
1.6	To scrutinise the performance of, and engage with, Police Scotland and the Scottish Fire and Rescue Service.	54	5	2	6	5	2	7	5	7	5	5	5
1.7	To monitor the delivery of Council Capital Projects within the <i>(City/Area)</i> local area, as agreed within the Council’s Capital Programme.	g	g	g	g	g	g	g	g	g	g	g	g
1.8	To approve delegated local functions e.g. Road Traffic Orders; Road Construction Consents; and Upholding Access Rights such as Notices applying to various sections of Part 1 of the Land Reform (Scotland) Act 2003.	g	g	g	g	g	g	g	g	g	g	g	g

1.9	To champion local initiatives which promote and support the traditional languages, heritage and culture of the Highlands.	4	1	g	2	1	g	g	g	g	g	g
1.10	To deal with requests for and make nominations/ appointments to local outside bodies not covered by the Council or Strategic Committees e.g. Local Access Forums. In the case of Local Access Forums, only where multiple nominations or appointments are necessary.	2	g	g	1	g	g	g	g	g	g	1
1.11	To agree methods and approaches for local community engagement and participation in relation to Council business in the locality ( <i>in relation to City/Area business</i> ).	1	g	g	1	g	g	g	g	g	g	g
1.12	To ensure that all local decisions taken are within the terms of the legislation governing the work of the Council and the approved Scheme of Delegation to Committees and Officers and the Council's Financial Regulations.	g	g	g	g	g	g	g	g	g	g	g
<b>2.</b>	<b>Specific Powers:</b>											
	<b>Corporate, cross service and civic powers</b>											
2.1	To consider any proposals made by Council Services to review service delivery, other than annual revenue budget proposals, which would have a materially significant impact on the Locality. ( <i>City/Area</i> )	0	0	0	0	0	0	0	0	0	0	0
2.2	To agree any Bye-Laws and Management Rules etc. and their amendment or review.	n	n	n	n	n	n	n	n	n	n	n
2.3	To recommend to Council any proposals for Business Improvement Districts.	n	n	n	n	n	n	n	n	n	n	n
2.4	To ensure productive relations with Community Councils within the locality and to agree any Community Council boundary changes.	n	n	n	n	n	n	n	n	n	n	n
2.5	To support local youth forums and to promote the engagement of young people in local democracy.	0	0	0	0	0	0	0	0	0	0	0
2.6	To facilitate and, where appropriate, make arrangements in relation to Town Twinning and ceremonial matters.	0	0	0	0	0	0	0	0	0	0	0
2.7	To consider reports from external groups or bodies. To invite groups or local bodies to address the local committee on matters relevant to the local committee. To develop productive working relations with local community bodies in public service delivery.	26	5	1	4	3	1	2	3	2	1	2
2.8	For the Local Committee to consider how to adopt a participatory budgeting approach in order to support the greater involvement of communities in informing service design, delivery, priority setting and, where appropriate, deploying resources. NOT CITY	n	n	n	n	x	n	n	n	n	n	n
	<b>Finance Services</b>											
2.8	To allocate and monitor expenditure from any agreed and delegated localised funds and to allocate Ward Discretionary Grants where individual grant awards exceed £10,000 (individual awards of up to £9,999 are delegated to the Ward Manager following consultation with local Ward Members). CITY ONLY	5	x	x	x	5	x	x	x	x	x	x
2.9	To oversee the management of any Common Good Fund (CGF) assets for the locality ... more than 10% of the value of the CGF is reserved for Highland Council following consideration by the Area Committee. To oversee the management of any Common Good Fund (CGF) assets for the locality by: scrutinising CGF budget monitoring; approving costs, project costs and grant applications for any local CGF as required up to 10% of the value of the CGF; and to purchase and dispose of Common Good Trust assets up to 10% of the value of the CGF. (For the avoidance of doubt, award of grant, project costs, grants and the purchase and disposal of Common Good and Trust assets of more than 10% of the value of the CGF is reserved for Highland Council). To approve any Local Authority Trust costs associated with the locality and to approve grant applications in excess of £10,000 as required and agreed within Council policy.	45	2	2	2	13	2	12	0	0	7	5

2.10	To receive annual reports on the following companies, including financial reports and accounts – Inverness Business Improvement District Ltd, Inverness City Heritage Trust and Loch Ness and Inverness Tourism Business Improvement District Ltd CITY ONLY	2	x	x	x	2	x	x	x	x	x	x	
2.10	To allocate Crown Estate revenue to local projects and initiatives according to the criteria determined by the Economy and Infrastructure Committee. NOT CITY	13	0	1	1	x	1	1	2	2	1	1	2
2.11	From the resources that are agreed to be delegated to the City and Area Committee, for the Committee to agree which resources are to be allocated through participatory budgeting and the methods to use. CITY ONLY	n	x	x	x	n	x	x	x	x	x	x	
<b>Communities and Place</b>													
2.11	To agree local priorities within area operational budgets for Community Services, taking account of statutory requirements and Council policy and priorities.	1	0	0	0	0	0	1	0	0	0	0	0
2.12	To agree variations within local budgets between individual functional areas to meet local priorities as specified below.	0	0	0	0	0	0	0	0	0	0	0	0
2.14	To agree whether and to what extent non-statutory functions are delivered locally, and how these are funded within local budgets. CITY ONLY	0	x	x	x	0	x	x	x	x	x	x	x
2.15	To recommend local service delivery arrangements, including whether particular services should be delivered by communities, by in-house staff or through local procurement, for consideration by the Communities and Place Committee in terms of the Council's overall legal duties relating to procurement. CITY ONLY	0	x	x	x	0	x	x	x	x	x	x	x
2.13	To set and scrutinise local performance standards and monitor expenditure against local Communities and Place budgets.	0	0	0	0	0	0	0	0	0	0	0	0
2.14	To decide whether to have public toilets / Highland Comfort Scheme provision and, where they are provided, to adjust the opening times and seasons for toilets within overall local budget.	0	0	0	0	0	0	0	0	0	0	0	0
2.15	To approve new Highland Comfort Scheme providers according to Council policy and within the overall local budget.	0	0	0	0	0	0	0	0	0	0	0	0
2.16	To approve local priorities for grounds maintenance in accordance with overall Council policy, and to increase or reduce the local service within the overall local budget, in accordance with the Council's policies on grounds maintenance, legislation and good practice guidance.	0	0	0	0	0	0	0	0	0	0	0	0
2.17	To approve local priorities for play areas in accordance with overall Council policy and to increase or reduce the local service within the overall local budget or other local resources, in accordance with the Council's policies on play areas, legislation, health and safety and good practice guidance. NOT CITY	0	0	0	0	x	0	0	0	0	0	0	0
2.18	Duplication of 2.17 above												
2.19	To agree local priorities for street cleansing in accordance with legislation and Council policy and within the overall local budget.	0	0	0	0	0	0	0	0	0	0	0	0
2.20	To approve local initiatives to encourage waste minimisation, reduce litter and increase recycling within the strategy and budget agreed by Community Services Committee.	0	0	0	0	0	0	0	0	0	0	0	0

2.21	To approve Community Asset Transfers – by lease or sale - where the market value of the asset is between £10k and £100k. To align with the review process, including the ability of Community Bodies to appeal a Council decision to the Scottish Government, where the Local Committee’s decision is contrary to officer recommendations, the decision will be referred to the strategic committee. All Common Good assets, regardless of value, will be considered at the relevant Local Committee, subject to paragraph 2.9. • Where Council assets to transfer - by lease or ownership - are valued below £10k or the lease is less than 10% of the market sale value, this will be delegated to Officers, in consultation with Ward Members, and those valued above £100k will be delegated to the Strategic Committee.	4	2	0	0	0	0	0	1	0	0	1	0
2.22	To decide any changes in the arrangements for individual War Memorials. NOT CITY	0	0	0	0	x	0	0	0	0	0	0	0
2.23	To scrutinise an annual report on burial grounds in the locality. NOT CITY	1	0	0	0	x	0	0	1	0	0	0	0
2.24	To scrutinise an annual report on Environmental Health activity in the locality NOT CITY	1	0	0	0	x	0	0	1	0	0	0	0
2.25	To agree the naming of buildings within the Council’s control.	n	n	n	n	n	n	n	n	n	n	n	n
2.26	In accordance with the revised procedure for street naming, where no agreement between local Members and Community Councils can be reached, a decision on street naming will be made by the local committee.	n	n	n	n	n	n	n	n	n	n	n	n
<b>Housing and Property</b>													
2.27	To engage with tenants on local housing service standards and priorities and on enabling tenants to have a meaningful input to monitoring service quality.	1	0	0	0	0	0	0	0	1	0	0	0
2.28	Declare individual land and property held on the HRA surplus and available for disposal	1	0	0	0	0	0	1	0	0	0	0	0
2.29	Set rents for local HRA garages	7	1	0	1	1	0	1	1	1	1	0	0
2.30	To scrutinise housing service quality, cost and performance and taking into account tenant feedback.	35	5	1	3	3	2	4	2	3	5	2	5
2.31	To agree local priorities for housing capital and planned maintenance expenditure in line with overall Council priorities and within the local budget.	15	1	1	1	1	2	1	1	3	1	1	2
2.32	To agree the naming of buildings within the Council’s control.	n	n	n	n	n	n	n	n	n	n	n	n
<b>Economy and Infrastructure</b>													
2.33	To approve maintenance programmes for roads and bridges; approve surfacing and surface dressing schemes within the overall local budget; and to increase or reduce the local service within the overall local budget, in accordance with the Council’s road maintenance policies, legislation and good practice guidance.	26	3	1	1	2	1	3	4	4	2	2	3
2.34	To prioritise between the various reactive and planned cyclic road and bridge maintenance activities in accordance with Council Policy and the national Code of Practice (CoPHMM).	0	0	0	0	0	0	0	0	0	0	0	0
2.35	To monitor the local delivery of the transport strategy and local community transport schemes.	7	0	0	0	4	0	0	0	3	0	0	0
2.36	To promote Road Traffic Orders, where there are statutory objections.	7	0	0	0	4	1	0	0	0	0	2	0
2.37	To approve the stopping up of roads and private means of access and the deletion of roads from the list of public roads and the adoption of roads (that are not constructed under the Road Construction Consent procedure) onto the list of public roads.	1	0	0	0	0	0	0	0	1	0	0	0
2.38	To approve the local winter road maintenance service in accordance with the Council’s overall Winter Maintenance Policy and to increase or reduce the local service within the overall local budget, in accordance with the Council’s overall Winter Maintenance Policy.	9	1	1	0	1	1	1	0	2	1	0	1

2.39	To approve any changes to local Parking Services, including introducing and varying charges, commissioning new car park provision and increasing or reducing the local service – all in accordance with the Council’s Parking Policy, approach to engagement and the disaggregated budget for car parking.	4	0	0	1	2	0	0	1	0	0	0	
2.40	To approve Section 11 orders of 6 days or more for advertisement as required by Section 11(2)(b) of the Land Reform (Scotland) Act 2003 and where there are no outstanding objections to confirm such orders. Where objections are outstanding to a proposed order the area/local committee shall make a recommendation to the Economy and Infrastructure Committee.	n	n	n	n	n	n	n	n	n	n	n	
2.41	In accordance with the Council’s Parking Policy, agree the prioritisation of spend of the local allocation of income generated as a result of car parking charges.	0	0	0	0	0	0	0	0	0	0	0	
2.42	To monitor the status of construction projects and environmental works in the agreed Capital and maintenance programmes.	6	0	0	0	2	1	1	1	1	0	0	
2.43	To prepare, monitor and review for the Council any place-specific Local Development Plans (and associated Action Programmes), Supplementary Guidance and other land use, transportation and environmental policies and guidance applicable to their geographic area, in accordance with the Development Plans Scheme, with adoption of such Local Development Plans being reserved to full Council. (Within the parts of Badenoch and Strathspey Area covered by the Cairngorms National Park Authority, responsibilities for the preparation of such documents are reserved to that authority. NOT CITY)	15	0	1	4	3	1	3	0	0	1	0	2
2.44	To review the Core Path Plan and approve amended and/or modified plans for public consultation. Adopt core path changes into the plan where there are no objections, to recommend modifications or to accept Scottish Government recommendations following a PLI. To make recommendations to the Economy and Infrastructure Committee where there are outstanding objections to an amended or modified amended core path plan.	3	1	0	0	0	0	0	0	1	0	0	1
2.45	To identify property which is non-operational or which may be declared surplus to requirements for referral to Asset Management Project Board.	0	0	0	0	0	0	0	0	0	0	0	
2.46	To approve local Safer Routes to Schools projects within the strategy and budget agreed by Economy and Infrastructure Committee.	2	0	0	0	1	0	0	0	1	0	0	0
<b>Education</b>													
2.47	To monitor the local delivery and outcomes linked to the National Improvement framework in line with local school improvement plans and standards and quality annual reports, including performance of schools within the locality. NOT CITY	27	1	0	6	x	0	1	3	4	1	5	6
2.48	To scrutinise secondary school leavers data within the locality and in relation to:- <ul style="list-style-type: none"> <li>• Percentage of leavers attaining literacy;</li> <li>• Percentage of leavers attaining numeracy;</li> <li>• Attainment for All across the 3 cohorts (Highest 20%, Middle 60% and Lowest 20%);</li> <li>• Leaver Initial Destinations; and</li> <li>• Breadth and Depth analysis (Percentage of pupils achieving SCQF level awards) NOT CITY</li> </ul>	2	2	0	0	x	0	0	0	0	0	0	0
2.49	To scrutinise and monitor HMIE school inspection reports	0	0	0	1	0	0	0	0	0	0	0	
2.50	To monitor and scrutinise ASG attainment over time in relation to numeracy, literacy and positive destinations. NOT CITY	1	0	0	0	x	0	0	0	0	0	0	

2.51	To monitor the local delivery and outcomes from Curriculum for Excellence, including performance of schools within the City/Area. CITY ONLY	1	x	x	x	1	x	x	x	x	x	x	x
2.53	To consider an annual report on the attainment of young people from deprived backgrounds. CITY ONLY	0	x	x	x	0	x	x	x	x	x	x	x
2.54	To monitor the local delivery of the Highland Play Strategy as agreed by the Education Committee. CITY ONLY	0	x	x	x	0	x	x	x	x	x	x	x
	<b>Other</b>	<b>14</b>	0	1	0	4	1	1	2	2	1	1	2
	<b>Total items reported</b>	<b>386</b>	<b>35</b>	<b>13</b>	<b>39</b>	<b>59</b>	<b>17</b>	<b>46</b>	<b>35</b>	<b>45</b>	<b>31</b>	<b>30</b>	<b>36</b>
	<b>Total meetings between April 2020 and November 2021</b>	<b>70</b>	<b>6</b>	<b>2</b>	<b>8</b>	<b>9</b>	<b>2</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>
	Average number of items reported at city/ area local committee	5.5	5.8	6.5	4.9	6.6	8.5	5.8	5.8	5.6	4.4	4.3	5.1

## AGENDA ITEM 6.7



### Internal Audit Final Report

Performance and Governance

Effectiveness of Out of Hours Arrangements

Description	Priority	No.
Major issues that managers need to address as a matter of urgency.	High	1
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	5
Minor issues that are not critical but managers should address.	Low	2

#### Distribution:

Executive Chief Officer for Performance and Governance  
Executive Chief Officer for Communities and Place  
Executive Chief Officer for Infrastructure, Environment and Economy  
Executive Chief Officer for Property and Housing  
Head of Community Operations and Logistics, Communities and Place  
Head of Community Support and Engagement, Communities and Place  
Head of Housing and Building Maintenance, Property and Housing  
Head of Roads and Infrastructure, Infrastructure, Environment and Economy  
Communications and Resilience Manager, Performance and Governance

#### 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 that put some of the system objectives at risk.

**Report Ref:** HPG13/001  
**Draft Date:** 24/05/2022  
**Re-Draft Date:** 22/06/2022  
**Final Date:** 16/08/2022

## 1. Introduction

- 1.1 The objective of the review was to ensure that that the Council can effectively respond to serious (unusual and major) incidents outside of normal office hours. The review considered the arrangements for:
- Organisation, preparation and communication; and
  - Response, review and learning following incidents.
- 1.2 The Council's response to unusual and major incidents is designed to meet its general responsibility (under the Civil Contingencies Act 2004) of planning for emergencies, responding to emergencies and the continued delivery of services.
- 1.3 A sample of serious incidents reported outside of normal office hours since April 2020 were tested to ensure that the agreed arrangements have been followed when providing the Council's emergency response. The effectiveness of these arrangements was considered by focussing on the activities of the duty officers that provide the Council's immediate response to emergency incidents. The audit did not consider the processes in place for responding to any routine incident dealt with at any time nor any unusual or major incident dealt with during office hours.

## 2. Main Findings

### 2.1 *Organisation, preparation and communication*

The audit objective was partially achieved. The Council may be informed of an emergency from "informal sources" such as the public. There are four out of hours telephone numbers on the Council's webpages, but it does not specify which number the public should ring to report a serious incident. The General Emergency Plan, which outlines how the Council will respond to an emergency states that there is only one telephone number, which should be used to contact the Council when there is an out of hours emergency (See Action Plan Reference: M1).

Telephone is the Council's preferred option for making contact outside of office hours. Whilst it is made clear that the Council's Twitter/FaceBook accounts are not monitored out of office hours,

the public may expect to use them in an emergency. The public may also seek to report emergencies through the Council's "report a problem" internet portal. In response to the questions within the roads portal customers are directed to ring the daytime number only (01349 886601). The out of hours number is not recorded. (See Action Plan Reference: M1 and L1).

The Aberdeen City Council (ACC) call handling services answers the Council's emergency calls out of office hours. The ACC call handling service did not achieve the normal call response rates (93.3%) during some of the recent storms:

- 26 - 28/11/21 (Arwen): 269 calls, 181 answered (67%) and 88 calls abandoned (33%);
- 29 - 31/1/22 (Corrie): 220 calls, 174 answered (79%) and 46 calls abandoned (21%);
- 20 - 21/2/22 (Franklin); 53 calls, 45 answered (85%) and 8 abandoned (15%).

(See Action Plan Reference: H1).

ACC call analysis shows that the number of calls it made to the housing duty officer and roads duty officers during 2021 was 982 and 887 respectively. Only 1 housing duty officer compared to 8 roads duty officers are on duty out of hours. The roads duty officers may receive calls from other sources and may be required to attend incidents, but these cannot be quantified. This equates to an average of 2.7 calls per housing duty officer per session and 0.3 calls per roads duty officer per session (See Action Plan Reference: M2).

Roads and housing duty officers were contacted to identify if they had access to the most up to date emergency out of hours guidance. Whilst this identified that most (81% or above) had access to the key emergency planning documents - General Emergency Plan; Emergency Contacts Directory; The Procedures Guidance: Roads and Housing Duty Officers and Protocol for contacting Community Services Duty Officers - fewer (62% or less) were able to confirm that they had access to the latest versions (See Action Plan Reference: M3).

The Procedures Guidance: Roads and Housing Duty Officers lists 14 different officers that should be contacted in the event of any

of the 43 incident types occurring. 1 (7%) listed officer (Animal Health & Welfare Officer was not recorded on the Emergency Contacts Directory. For 5 incident types the Roads and Housing Duty Officers should follow Community Services procedures, however, this document is dated (December 2016), contains 1 (14%) roads number and 3 (75%) environmental health contact numbers that are no longer valid and not listed in the Emergency Contacts Directory (See Action Plan Reference: L2).

Training titled "Response to out of hours incidents and notification of Care for People issues" was provided to officers on 8 December 2021. A review of the training attendance list identified that:

- 6 (50%) of ward managers attended;
- 5 (83%) of housing duty officers attended; and
- 11 (58%) of roads duty officers attended.

Relevant training was also offered to Duty ECOs:

- Resilience and Emergency Plan Familiarisation – 3 sessions October – December 2019: 4 ECOs (2 current) attended.
- Crisis Management Founding Principles provided on both July 2019 and January 2020: 1 ECO (1 current) attended. (See Action Plan Reference: M4).

## 2.2 *Response, review and learning following incidents*

The audit objective was substantially achieved. To identify if the Resilience Team had been made aware of all serious incidents the housing and roads duty officers when asked stated that they had dealt with 8 serious incidents:

- 2 (25%) were potentially serious incidents that the Resilience Team should have been but were not made aware of;
- 2 (25%) were serious incidents that the Resilience Team were made aware and were involved in their review/learning; and
- 4 (50%) the incidents did not meet the threshold for a major civil emergency.

For 2 major incidents, which the Resilience Team were made aware of:

- 05/02/2021 Major incident - Amber weather A835 – A de-brief report was produced in February 2021. Some actions are already complete, however there is no action plan, agreed owner,

timescale or RAG status. This will be revisited at the next Resilience Group meeting; and

- 28 – 31/01/2022 Major incident – Storm Malik/Corrie – An LRP de-brief report was drafted in March 2022. The report will be discussed and agreed at the next HILRP Working Group. Council actions resulting from this report will be tracked at future meetings of the Resilience Group.

The Council's new Resilience Group was formed on 26/01/2022, which has a standing agenda item for its members to inform the Resilience Team of all serious incidents and to ensure that actions identified during LRP/Council debriefs are effectively tracked including action ownership and timescales.

It was identified that the 7 roads duty areas and the 1 housing duty area did not have a standard approach for recording out of hours emergency incidents (See Action Plan Reference: M5).

## 3. **Conclusion**

- 3.1 The Council has broadly effective arrangements for responding to serious incidents outside of office hours. However, to be totally effective improvements are required to make it easier for the public and partners to promptly report incidents and for the Council to be able to respond to and provide information on serious emergencies.

#### 4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
H1	High	<p>The performance of the (ACC) out of hours call handling services during the recent storms was:</p> <ul style="list-style-type: none"> <li>• 26 – 28/11/21 (Arwen): 269 calls, 181 answered (67%) and 88 calls abandoned 33%);</li> <li>• 7 – 8/12/21 (Barra): 35 calls, 32 answered (91%) and 3 calls abandoned (9%);</li> <li>• 29 – 31/1/22 (Corrie): 220 calls, 174 answered (79%) and 46 calls abandoned (21%);</li> <li>• 17/2/22 (Dudley): 30 calls, 30 answered (100%);</li> <li>• 18/2/22 (Eunice): 18 calls, 17 answered (94%) and 1 call abandoned (6%);</li> <li>• 20 – 21/2/22 (Franklin); 53 calls, 45 answered (85%) and 8 abandoned (15%).</li> </ul> <p>ACC call response rates are normally 93.3%.</p>	<p>Management must ensure that there is sufficient out of hours call handling capacities to meet likely demand and seek to expand these (for example by the provision of more designated staff at the ACC call handling centre or opening the Council's Service Centre) when there are expected to be higher numbers of emergency calls.</p>	<p>A Tactical Group to convene in event of amber/red alerts to plan response and ascertain resource/actions required</p> <p>Liaison will take place with the Council's existing out of hours call handling centre (ACC) to put in place arrangements for severe weather arrangement.</p> <p>The Council's Emergency Contact Directory details out of hours Duty Officer contact numbers for Roads &amp; transport Staff for each operational area plus contact details for the Roads Managers. A number of operational staff are also on stand-by to deal with any incidents. In the event of known severe weather-related events, additional staff resources are deployed. These arrangements will be reviewed.</p>	<p>Communications and Resilience Manager</p> <p>Head of Housing and Building Maintenance</p> <p>Head of Roads and Infrastructure</p>	<p>Ongoing</p> <p>31/10/2022</p> <p>31/10/2022</p>
M1	Medium	<p>The Council's webpages for emergency contacts includes 4 out of hours telephone numbers but does not specify which telephone number the public should ring to report a serious incident. The General Emergency Plan states that one telephone number - 01349 886690 - should be used for contacting the Council out of</p>	<p>The General Emergency Plan should be updated to reflect the telephone number(s) that should be used to report serious emergency incidents during office hours and out of office hours.</p> <p>Management should consider revising the information on the Council's webpages to provide examples of the types of serious</p>	<p>A review will be undertaken to map services to daytime and out of hours numbers to ensure consistency and simplicity.</p> <p>Information will be added to the Council's website to include when the Council should be</p>	<p>Head of Community Support and Engagement</p> <p>Communications and Resilience Manager</p>	<p>31/08/2022</p> <p>30/09/2022</p>

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		<p>hours and no telephone number is recorded for contacting the Council during office hours.</p> <p>The public may seek to report emergencies through the Council's "report a problem" internet portal. A roads portal is available, but within the portal's questionnaire pages customers are directed to ring the daytime number only (01349 886601). The out of hours number is not shown.</p>	<p>incident should be reported to each of the Council's emergency contact telephone number(s).</p> <p>Management should review the telephone numbers within the "report a problem" and other internet portal question pages to ensure that the appropriate office hours and out of hours emergency telephone numbers are recorded.</p>	<p>called and when the emergency services should be contacted.</p> <p>Report a problem should only be used to report matters that are non-urgent/not emergencies. The web-information will be updated to reflect this.</p>	Head of Community Support and Engagement	31/08/2022
M2	Medium	<p>ACC call analysis shows that the number of calls it made to the housing duty officer and roads duty officers was 982 and 887 respectively during 2021. It should be noted that only 1 housing officer compared to 8 area roads officers are on duty out of hours. The roads duty officers may receive calls from other sources and may be required to attend incidents, but these cannot be quantified. This equates to an average of 2.7 calls per housing duty officer per session and 0.3 calls per roads duty officer per session.</p>	<p>Management should review the number of roads duty officers on call compared to the type of emergencies being dealt with and consider reducing their number through officers providing cover for more than one area.</p>	<p>Issues are complex and involve road closures and road traffic accidents.</p> <p>Numbers on standby roster are kept under review in order to ensure that local responses across the road network can be made to keep the network open and safe.</p>	Head of Roads and Infrastructure	31/07/2022
M3	Medium	<p>Roads and housing duty officers were contacted and it was identified that:</p> <ul style="list-style-type: none"> <li>• 17 (81%) had attended appropriate training and 11 (52%) quoted the Resilience training of 08/12/2021);</li> </ul>	<p>Management should ensure that all duty officers can access a shared platform where the latest versions of the out of hours emergency procedure guidance are maintained and periodically</p>	<p>Further resilience training to be made available. Links to latest versions of emergency plans and ECD to be circulated to Heads of Service for dissemination to appropriate staff</p>	Communications and Resilience Manager	31/10/2022

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		<ul style="list-style-type: none"> <li>• 17 (81%) had access to the General Emergency Plan and 13 (62%) the correct version</li> <li>• 19 (90%) had access to the Emergency Contacts Directory and 2 (10%) the correct version:</li> <li>• 17 (81%) had access to the Procedures Guidance: Roads &amp; Housing Duty officers and 11 (52%) the correct version</li> <li>• 9 (43%) felt the guidance was useful;</li> <li>• 7 (44%) - roads duty officers - had access to the Protocol for contacting Community Services Duty Officers 6 (38%) the correct version; and</li> <li>• 6 (29%) would contact ward manager &amp; notify duty ECO if there is a serious incident, 7 (33%) would contact either the ward manager or duty ECO but 8 (38%) did not answer or provided different contacts.</li> </ul>	check that officers can locate and understand them.	<p>All staff on standby should have access to Emergency Planning Procedures and service specific guidance, and this will be verified annually</p> <p>The Emergency Out of Hours Duty Officer Contact details for the Roads and Transport Service are up-dated regularly. Guidance on Service Specific Emergency procedures is undertaken annually via toolbox talks as part of our Winter Operating Procedures. The Roads service will review access to a shared platform</p>	<p>Head of Housing and Building Maintenance</p> <p>Head of Roads and Infrastructure</p>	<p>30/09/2022</p> <p>31/12/2022</p>
M4	Medium	<p>The Resilience Team provided training titled "Response to out of hours incidents and notification of Care for People issues" on 8 December 2021. A review of the training attendance list identified that:</p> <ul style="list-style-type: none"> <li>• 6 (50%) of ward managers attended;</li> <li>• 5 (83%) of housing duty officers attended; and</li> </ul>	Management should ensure that appropriate and regular training is provided, key officers (including duty officers, ward managers and ECOs that contribute to the Council's emergency response) are mandated to attend with formal training records being reviewed to measure compliance.	<p>Further resilience training to be made available. Links to latest versions of emergency plans and ECD to be circulated to Heads of Service for dissemination to appropriate staff</p> <p>Regular training should be provided for all duty officers. This will include generic training on Emergency Planning Procedures and service specific</p>	<p>Communications and Resilience Manager</p> <p>Head of Housing and Building Maintenance</p>	<p>31/10/2022</p> <p>31/10/2022</p>

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		<ul style="list-style-type: none"> <li>• 11 (58%) of roads duty officers attended.</li> </ul> <p>Relevant training was offered to Duty ECOs:</p> <ul style="list-style-type: none"> <li>• Resilience and Emergency Plan Familiarisation – 3 sessions provided in October – December 2019: 4 ECOs (2 current) attended.</li> <li>• Crisis Management Founding Principles provided on both July 2019 and January 2020: 1 ECO (1 current) attended.</li> </ul>		<p>training to enable people to undertake the functions required</p> <p>Training is provided annually for Roads Operational Staff via toolbox talks. Attendance at these talks is mandatory, and attendance sheets maintained. Roads Operational Managers are responsible for ensuring compliance.</p> <p>Roads Operational managers attend Local resilience Partnership meetings, and the Head of Service regularly attends Corporate Emergency Planning Training events.</p> <p>The Head of Service will arrange an annual meeting with the Roads Managers to review the effectiveness of operating procedures and compliance.</p>	Head of Roads and Infrastructure	31/12/2022
M5	Medium	<p>Discussions identified that the following records for out of hours emergency incidents were maintained:</p> <p><u>Roads</u></p> <ul style="list-style-type: none"> <li>• Inverness – emergency procedure log sheet;</li> <li>• Nairn, Badenoch &amp; Strathspey – emergency procedure log sheet;</li> <li>• Caithness – emergency procedure log sheet;</li> <li>• Sutherland – emergency procedure log sheet;</li> </ul>	<p>Management should ensure that a standardised approach is taken to the recording of all serious out of hours emergency incidents that includes the following key information: time/location, incident details, action taken and persons/services involved.</p>	<p>Standard recording systems and processes are in place for both Homelessness and Out of Hours emergency repairs work. These will be reviewed by the service management scheme quarterly to ensure compliance and consistency.</p> <p>Recording systems for Roads and Transport services out of hours emergency incidents are undertaken on an area basis.</p>	Head of Housing and Building Maintenance	30/09/2022
					Head of Roads and Infrastructure	31/12/2022

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		<ul style="list-style-type: none"> <li>Lochaber – emergency procedure log (different from above);</li> <li>Skye, Lochalsh &amp; Wester Ross – no incident log maintained;</li> <li>Ross &amp; Cromarty – no response.</li> </ul> <p><u>Housing</u> A homelessness call log is prepared for homeless presentations which account for perhaps 90% of the calls referred to our duty officers from Aberdeen</p>		These will be reviewed and a standardised approach adopted.		
L1	Low	Telephone is the preferred option for making contact with the Council out of office hours. Whilst it is made clear that the Council's Twitter/FaceBook accounts are not monitored out of office hours, the public may expect to use them in an emergency.	Management should investigate the potential of offering additional means for receiving and providing immediate information when serious incidents/storms are expected out of hours. The Council's Twitter/FaceBook accounts should also have links to the "Report a Problem" webpages and the Emergency Contact telephone numbers.	The Council's social media provision make very clear what the appropriate avenues are for reporting issues. Social Media channels continue to be used to provide information to the public.	Communications and Resilience Manager	Complete
L2	Low	The Procedures Guidance: Roads and Housing Duty Officers lists 14 different officers that should be contacted in the event of any of the 43 incident types occurring. 1 (7%) listed officer (Animal Health & Welfare Officer) was not recorded on the Emergency Contacts Directory. The Procedures Guidance: Roads and Housing Duty Officers	Management should review and where appropriate revise both the "Procedures Guidance: Roads and Housing Duty Officers" and the "Protocol for contacting Community Services Duty Officers" to ensure that they reflect the Council's current management structure and the key contacts are listed in the Emergency Contacts Directory.	The guidance will be reviewed with Council Service leads and amendments made as necessary.	Communications and Resilience Manager	30/11/2022

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		requires that actions for five incident types should be to "Follow Community Services procedures" (5. Cetacean strandings, 13. Flood Warning, 18. Hazardous containers 32. Road closures and 34. Severe weather). The only identified procedures were the "Out of Hours Calls: Protocol for contacting Community Services Duty Officers", is dated (December 2016), contains 1 (14%) roads number and 3 (75%) environmental health contact numbers that are no longer valid and not listed on the Emergency Contacts Directory.				

## AGENDA ITEM 6.8



### Internal Audit Final Report

Transformation

The Council's Approach to Recovery

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	3
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 **Substantial Assurance** can be given in that while there is 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.

#### **Distribution:**

Interim Depute Chief Executive/Executive Chief Officer of Performance and Governance  
Executive Chief Officer of Property and Housing  
Executive Chief Officer of Infrastructure and Environment  
Executive Chief Officer of Resources and Finance  
Executive Chief Officer of Communities and Place  
Programme Manager, Transformation

**Report Ref:** HTE04/001  
**Draft Date:** 11/02/2022  
**Final Date:** 08/04/2022

## 1. Introduction

- 1.1 The audit review examined the Council's approach to Covid-19 recovery. The objectives were to ensure that: (i) the planned outcomes were already or were on course to be achieved and recovery actions have been promptly implemented; and (ii) the Programme Management Office (PMO) approach provides an efficient and effective basis for the delivery of the Council's Transformation Programme.
- 1.2 The Recovery Action Plan (RAP) was approved at the Council meeting of 25 June 2020. The RAP was split across 11 key priorities with actions deliverable over four phases; End of June 2020; End of September 2020; End of December 2020; and 2021 Onwards. This can be summarised as:

Key Priority	Number of Actions			
	Phase 1	Phase 2	Phase 3	Phase 4
Restoring Political Governance	7	3	2	1
<b>Lockdown Agility</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>5</b>
<b>Recovery of the Highland Economy</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Financial Recovery Strategy</b>	<b>4</b>	<b>7</b>	<b>7</b>	<b>2</b>
<b>Community Empowerment</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>0</b>
Workforce Planning & Development	2	10	10	0
Service Re-design	2	10	10	10
IT Transformation	12	13	14	13
Digital Transformation	5	5	4	4
Leadership, Culture & Performance	7	8	4	5
Asset Management	3	3	3	3
<b>Total</b>	<b>58</b>	<b>75</b>	<b>69</b>	<b>44</b>

- 1.3 The audit review assessed the Council's approach to recovery for 4 Key Priorities (shown in bold above) and the delivery of actions in the following phases (highlighted in yellow above):
- Lockdown Agility (5 actions - Phase 4);
  - Recovery of the Highland Economy (2 actions - Phase 3);
  - Financial Recovery Strategy (7 actions - Phase 2); and
  - Community Empowerment (5 actions - Phase 1).

## 2. Main Findings

- 2.1 *Achievement of Planned Outcomes for Council Recovery*  
The audit objective was substantially achieved. 4 (21%) recovery actions sampled had been reported to the Recovery Board/Recovery, Improvement and Transformation Board (the Board) as "complete". The remaining 15 were reported as "on-track/on-going". The PMO identified that these actions were now "business as usual" so no further reporting was required. (see Action Plan Ref: M1)

6 phase 3 actions (4 Lockdown Agility and 2 Financial Recovery) were not included in the second report to Board of 29 March and both phase 4 reports to Board of 24 May and 23 August did not include 1 Lockdown Agility action. Whilst the report narrative did state that a comprehensive review of the RAP has been undertaken it was not clear, which of the above 7 actions were: "business as usual", "subsumed into the Transformation Programme" or "complete". (see Action Plan Ref: M1)

- 2.2 *Programme Management Office Approach*

The audit objective was substantially achieved. We were unable to obtain full evidence and thus confirm the reported status of 8 (42%) recorded actions. Five of these actions had a status of "on-track/on-going" (see 2.1 above) but 3 were reported as "complete". (see Action Plan Ref: M2)

The RAP stated that "political governance" would be provided during the recovery process and that the Housing & Property Committee would provide this for the Lockdown Agility theme. Reports on Lockdown Agility were instead provided to the Executive Leadership Team (ELT), the Board and the Corporate Resources Committee. (see Action Plan Ref: M3)

## 3. Conclusion

- 3.1 This is the first time that Council has had to manage the wholesale recovery of its business operations. The RAP achieved the objective of focussing attention upon recovery until actions became business as usual for strategic committees. The implementation of the recommendations will enhance the process for delivering the transformation programme.

#### 4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M1	Medium	<p>4 (21%) of the recovery actions sampled (4 themes) during the review had been reported to Board as fully achieved/completed. This is because an action reported as on-going (or better) at the end of the phase would be treated as “business as usual” thereafter and not reported again. Only if the action was reported as showing “some slippage” (or worse) at the end of the phase would this be report to Board as an exception in the following phase.</p> <p>6 ongoing phase 3 actions (for the 4 themes) were not included in the second report to Board on 29 March:</p> <ul style="list-style-type: none"> <li>• Ongoing feedback from staff &amp; challenge/ review all policies so they remain fit for purpose;</li> <li>• Schools post 11th August continued test of assurance/ continued risk assessment and community engagement;</li> <li>• Schools post 11th August - provision ‘readiness’ and health and safety monitoring;</li> <li>• Inspection &amp; testing programme to recommissioning premises &amp; remedial works needed;</li> <li>• Review controls and their effectiveness; and</li> <li>• Undertake benchmarking performance management info to support financial analysis.</li> </ul>	<p>Management should seek to enhance the clarity of monitoring reports by providing an audit trail to show which actions are complete, which actions are ongoing/business as usual, which actions require further resources and which actions are no longer applicable.</p>	<p>PMO will ensure that all current and future plans will have an audit trail. All actions will be monitored and reported on until there is Committee or Board agreement of any change. This includes agreeing actions are complete or it is accepted they have been moved to business as usual and can be marked completed for monitoring purposes.</p>	Programme Manager	Complete

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		<p>1 ongoing phase 4 action was not included in the reports to Board on 24 May or 23 August:</p> <ul style="list-style-type: none"> <li>Continue ongoing feedback from staff – at work and from home to continue to learn, challenge and review all policies so they remain fit for purpose</li> </ul> <p>The covering reports did state that “the PMO office had undertaken a comprehensive review of the Recovery Action Plan and that a number of key priority tasks were now complete, become business as usual or has been subsumed into the Transformation Programme projects”. However, the report did not record which explanation applied to each of the above actions.</p>				
M2	Medium	<p>There were difficulties in obtaining full evidence to support the recorded (PRMS) status of 8 (42%) actions:</p> <ul style="list-style-type: none"> <li>3 Lockdown Agility actions from phase 4: implement plans for a full return to work (complete), PPE is provided (on-going) and continue ongoing feedback from staff (ongoing).</li> <li>4 Financial Recovery actions from phase 2: Contracts Management (ongoing) and Procurement Review (ongoing); Business Intelligence (ongoing) and Cost and Value of Services (complete).</li> <li>Evidence was no longer available for 1 Community Empowerment actions</li> </ul>	<p>Management should ensure that appropriate evidence is retained to demonstrate the progress and recorded status of recovery plan actions.</p>	<p>PMO will ensure that all actions have an updated status within monitoring arrangements and that these are reported on until there is Committee or Board agreement they as completed or moved to business as usual and can be marked completed for monitoring purposes.</p>	Programme Manager	Complete

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
		from phase 1 - Impacts of COVID on most vulnerable (complete).				
M3	Medium	Service Committees were to provide “political governance” to the recovery process. The political governance for the Lockdown Agility recovery theme was provided by ELT, Recovery Board/RITB and Corporate Resources Committee but not the Housing & Property Committee as stated in the RAP.	Management should ensure that responsibilities for political governance/governance oversight are clearly stated and adhered to. Where subsequent changes are made these should be formally agreed and documented by the appropriate Committees/ Officers in order to show that governance arrangements are being complied with.	PMO will in future report any planned changes in governance arrangements to the relevant Committee or Board to ensure changes are agreed and minuted.	Programme Manager	Complete