



COMHAIRLE NAN EILEAN SIAR

AUDIT AND SCRUTINY COMMITTEE

Minute of Meeting held in Council Chamber,
Council Offices, Stornoway on Thursday 1 May
2025 at 9.30am.

PRESENT

Mr Angus Morrison (Chair)	Mr John A Maciver
Mr Malcolm K Macdonald (Vice-Chair)	Mr Gordon Murray
Mr Mustapha Hocine	
Mr Ranald Fraser	

APOLOGIES

Mr Iain A MacNeil	Mr John N Macleod
Mr Calum Maclean	Mr Rae Mackenzie

MEMBERS IN ATTENDANCE

Mr Iain M Macleod	Mr Paul Steele
Mr Uisdean Robertson	Mr Paul Finnegan
Mr Kenny Macleod	Mr Robert Mackenzie
Mr Iain M Macaulay	Mr Duncan Macinnes
Mr Norman Macdonald	

OFFICERS IN ATTENDANCE

Mr Malcolm Burr	Mr Derek Mackay
Mr Tim Langley	Ms Norma Skinner
Mr Sandy Gomez	Ms Erica Geddes
Ms Morag Richardson	Mr Malcolm Nicol
Ms Jennifer Macleod	Mr Martin Devenny
Mrs Shona Hadwen	Mrs Yvonne Maciver

Prayer

The Meeting was preceded in prayer by Cllr John A Maciver.

Tribute: Cllr Iain A MacNeil

The Chair, on behalf of the Committee, extended sincere condolences to Cllr Iain A MacNeil, and to the family, whose son Tony had passed away suddenly.

MINUTES

Minute of Meeting of 6 February 2025	1	The Minute of Meeting of 6 February 2025 was approved.
Declaration of Interest	2	There were no declarations of interest.

SERVICE IMPROVEMENT

BVAR – Action Plan	3	With reference to item 3 of the Minute of Meeting of 26 September 2024, the Chief Executive submitted a Report which provided a progress update on the Best Value Action Plan presented to Audit and Scrutiny Committee in December 2022. The Action Plan, which was appended to the Report, detailed progress against the nine recommendations set out by the BVAR in 2022. Seven of the nine recommendations were complete with progress reported against the remaining two recommendations.
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It was agreed to recommend that the Comhairle:

- (1) **note the progress against the BVAR Action plan; and**
- (2) **note that further monitoring and reporting of the BVAR Action Plan will be undertaken through service business plans.**

Best Value – Public
Performance
Reporting 2023/24

4 The Chief Executive submitted a Report which provided an overview of the Comhairle's Public Performance Reporting duty of Best Value for the 2023/24 period as per the Publication of Information (Standards of Performance) Direction 2021. The Report stated that as per Direction 2021, the Comhairle had a statutory duty to report its 2023/24 performance information on or before 31 March 2025. As detailed in the main body of the Report, the Comhairle made their performance reports 2023/24 available to the public on its website by the statutory deadline.

The Report indicated that the Comhairle was subjected to a cyber-attack on 7 November 2023, which resulted in a loss of systems and data across the Comhairle. The impacts had been far reaching and still continued to cause issues, particularly with the main financial systems, which were required to be rebuilt. In the immediate period following the attack, temporary solutions were put in place to ensure that suppliers and staff were paid and that some form of financial monitoring could be undertaken. The nature of these processes meant that the collation of the data required to complete the 2023/24 Annual Accounts and some of the KPIs was not possible. The KPI 2023/24 data, therefore, may not be comparable to previous years and this was noted in the Public Performance Reports (PPRs).

The Report highlighted that Chief Officers would present their 2023/24 service performance reports to the June 2025 Series of Meetings for effective scrutiny and challenge against the duty of Best Value, if they had not already done so.

It was agreed to recommend that the Comhairle note:

- (1) **the content of the Report;**
- (2) **that the Comhairle met its statutory duty to report its 2023/24 performance information to the public by 31 March 2025; and**
- (3) **the requirement for Chief Officers to present their 2023/24 service performance reports to the June 2025 Series of Meetings for effective scrutiny and challenge against its duty of Best Value, if they have not already done so.**

Performance
Project –
Transformation
Plan

5 The Chief Executive submitted a Report which provided a progress update for the Performance Transformation project. The Report stated that the Performance Project team had been established and had held two formal meetings since its approval by the Comhairle in February 2025. Work had been undertaken to gather and analyse financial, performance and HR data initially for the HR and Performance Service and Strategic Finance. The Report detailed stage 1 of the business case, which set out the framework of the project and initial work undertaken by the project team.

It was agreed to recommend that Comhairle note stage 1 of the business case and work undertaken by the Performance Project group from February to April 2025.

INTERNAL AUDIT MATTERS

Internal Audit
Progress 2024/25

6 With reference to item 9 of the Minute of Meeting of 6 February 2025, the Chief Internal Auditor submitted a Report summarising the internal audit activity within Comhairle nan Eilean Siar for the period covering 1 April 2024 to 2 April 2025. The activity had been

based on the approved Strategic Audit Plan for the three years to 31 March 2026 and the approved Operational Internal Audit Plan for 2024/25.

The Report noted that there were two outstanding reviews relating to 2023/24 operational plan and it was hoped that these would be reinstated during 2025/26 where resources allowed:

- Purchasing and Accounts Payable
- Lochmaddy Pier Development

The Report indicated that work included in the approved annual plan for 2024/25 and which were currently in progress included:

- Islands Deal – Governance and Programme Activities
- Social Work Transport Policy and Implementation
- Payroll and Expenses

It was highlighted that there were currently no active investigations. The summary of progress against planned internal audit work 2024/25 was detailed at Appendix A to the Report.

It was agreed to recommend that the Comhairle note the Report.

Internal Audit
Operational Plan
2025-26

7 With reference to item 9 of the Minute of Meeting of 27 November 2024, the Chief Internal Auditor submitted a Report which sought approval of the Internal Audit Operational Plan covering period 2025-26. The Report stated that Public Sector Internal Audit Standards (PSIAS) require that Internal Audit produce a risk based Internal Audit plan for each year and that this be approved by the Audit & Scrutiny Committee. The Report indicated that the Comhairle's Audit and Scrutiny Committee approved a three-year Strategic Audit Plan covering the period 2023-2026 on the 9 February 2023. It was noted that year three of that Strategic Audit Plan formed the Operational plan for the internal audit section for 2025-26.

The Report indicated that despite the effects of the cyber incident still being felt in the Comhairle as well as the Internal Audit section, work would be targeted to ensure sufficient work was undertaken to support and form the annual assurance statement following the end of the 2025-26 year.

It was agreed to recommend that the Comhairle approve the amended Operational Plan for 2025-26.

Internal Audit Key
Documentation
Update

8 The Chief Internal Auditor submitted a Report which sought agreement for the Internal Audit Charter and Internal Audit Manual. The Report stated that the Global Internal Audit Standards (GIAS), which had replaced the Public Sector Internal Audit Standards (PSIAS) which required that Internal Audit sections have an Internal Audit Charter that included specific requirements contained within the Standards. The Standards required that the organisation's Audit & Scrutiny Committee approve the Internal Audit Charter.

The Report indicated that the GIAS provided a model charter, and this had been used as this would assist in clearly demonstrating conformance. The Report stated that whilst there was no requirement of the GIAS to produce an Internal Audit Manual, this was still seen as good practice, and the previous Manual has=d been updated to show the changes in standards. Further review may be undertaken at a later date in order to ensure consistency with the Charter and the GIAS.

It was agreed to recommend that the Comhairle:

(1) **approve the Internal Audit Charter at Appendix 1.**

(2) **note the Internal Audit Manual at Appendix 2.**

Global Internal Audit Standards Update

9 The Chief Internal Auditor submitted a Report which provided an update on the introduction of the new Global Internal Audit Standards (GIAS) as stated to the February Committee meeting. The Report stated that Public Sector Internal Audit Standards were in place across the whole of the public sector in all sectors of government. The Local Authority Accounts (Scotland) Regulations 2014 requires that “A local authority must operate a professional and objective Internal Auditing service in accordance with recognised standards and practices in relation to Internal Auditing.”

The Report indicated that the introduction of new Global Internal Audit Standards (GIAS) and the supplementary Application Note: GIAS in the UK Public Sector, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), was being put in place to harmonise standards on a global scale rather than just being UK Public Sector specific. The new GIAS and Application Note relating to UK Local Government would come into effect on 1st April 2025.

It was agreed to recommend that the Comhairle note that the GIAS come into effect on the 1 April 2025 and the ongoing work Internal Audit are undertaking to conform with the new standards.

INTERNAL AUDIT – FOLLOW-UP REVIEWS

Climate Change

10 The Chief Internal Auditor submitted a Report to update the Committee on recommendations made in the Climate Change Report which was issued on 4 July 2024. The follow up review was undertaken in accordance with the operational annual internal audit plan for 2023/24. The Report highlighted the following main recommendations from the original Report:

- Within the Climate Change Strategy 2022-2027 document there were hyperlinks that do not link in with associated documentation;
- Climate Change Steering group to meet on a regular basis; and
- Training to be provided at departmental level to engage staff on climate change and environmental impacts.

Section 1.5 of the Report provided the current status of progress against the original recommendations.

The Report highlighted that out of the 3 follow up recommendations made in the original report, 3 appeared to have been fully implemented.

It was agreed to recommend that the Comhairle note the Report.

Commissioning Partnership Services

11 The Chief Internal Auditor submitted a Report to update the Committee on recommendations made in the Social Work Services (Commissioning and Partnership Services) Report which was issued on 28 May 2024. The follow up review was undertaken in accordance with the operational annual internal audit plan for 2023/24. The Report highlighted the following main recommendation from the original Report:

- Service Level Agreements to be put in place with the out-of-area service providers. This was put in place during the review.

Section 1.5 of the Report provided the current status of progress against the original recommendations.

The Report noted that out of the 3 follow up recommendations made in the original report, 1 appeared to have been fully implemented, and management had confirmed that the remaining recommendations would be implemented by May 2025.

It was agreed to recommend that the Comhairle note the Report.

Cyber Response	Attack	12	The Chief Internal Auditor submitted a Report to update the Committee on recommendations made in the Cyber Attack Response Report which was issued on 23 October 2024 with an initial follow up Report undertaken in January 2025. The follow up review was undertaken in accordance with the operational annual internal audit plan for 2023/24.
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The main recommendations in the original Report were all detailed in sections 1.5 and section 2 of the Report.

The Report noted that out of the 10 follow up recommendations made in the original report, 3 appeared to have been fully implemented, and work was underway on the remainder. It was highlighted that progress would continue to be tracked and this would be Reported back to the Audit and Scrutiny Committee.

It was agreed to recommend that the Comhairle note the Report.

ECLIPSE	13	The Chief Internal Auditor submitted a Report to update the Committee on recommendations made in the ECLIPSE Report which was issued on 18 September 2024. The follow up review was undertaken in accordance with the operational annual internal audit plan for 2023/24. The Report highlighted the following main recommendation from the original Report:
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- Housekeeping issues of a minor nature which require to be undertaken to ensure the system has up to date information at all times.

Section 1.5 of the Report provided the current status of progress against the original recommendations.

The Report noted that out of the 2 follow up recommendations made in the original report, 1 appeared to have been fully implemented, and management had confirmed that the remaining recommendation would be implemented by June 2025.

It was agreed to recommend that the Comhairle note the Report.

Medication Management	14	The Chief Internal Auditor submitted a Report to update the Committee on recommendations made in the Medication Management Report which was issued on 4 October 2024. The follow up review was undertaken in accordance with the operational annual internal audit plan for 2023/24. The Report highlighted the following main recommendations from the original Report:
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- Full rewrite of Medication Management policy statement and procedure handbooks; and
- Training on the completion of Medical Administration Record (MAR) ensuring all drugs received and carried over to the following month were recorded and quantities were routinely checked.

Section 1.5 of the Report provided the current status of progress against the original recommendations. The Report noted that out of the 4 follow up recommendations made in the original Report, 4 appeared to have been fully implemented.

It was agreed to recommend that the Comhairle note the Report.

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| Street Lighting | 15 | The Chief Internal Auditor submitted a Report to update the Committee on recommendations made in the Street Lighting Report which was issued on 2 October 2024. The follow up review was undertaken in accordance with the operational annual internal audit plan for 2023/24. The Report highlighted the main recommendations from the original Report was Housekeeping issues. |
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Section 1.5 of the Report provided the current status of progress against the original recommendations. The Report noted that out of the 3 follow up recommendations made in the original report, 3 appeared to have been fully implemented.

It was agreed to recommend that the Comhairle note the Report.

INTERNAL AUDIT – COMPLETED REVIEWS

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| Non-Domestic Rates | 16 | The Chief Internal Auditor submitted a Report which provided an overview of the Comhairle's arrangements for the operation and management of Non-Domestic Rates. The Report provided detailed information in relation to the scope of the audit. The findings, recommendations and action plan were detailed at Section 3 of the Report. |
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The Report noted that the most significant issue arising from the review which required management attention was:

- The debt recovery process to get underway once the year end was complete and the billing for 2025/26 was concluded; (High 1)
- To confirm that the NDR bank reconciliation would be undertaken before the year end to give assurance that all income had been captured; (Med 2)
- A canvassing programme be rolled out to confirm that the reliefs awarded were still valid and any new reliefs applied; (Med 3)

The Report indicated that based on the audit work carried out the overall opinion was that a reasonable level of assurance could be placed upon the control environment of the service/area under review.

It was agreed to recommend that the Comhairle note the Report.

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| Strategic Procurement | 17 | The Chief Internal Auditor submitted a Report which provided an overview of the Comhairle's arrangements for the operation and management of Strategic Procurement inc. Revenue Contracts. The Report provided detailed information in relation to the scope of the audit. The findings, recommendations and action plan were detailed at Section 3 of the Report. |
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The Report stated that the Comhairle had policies and procedures in place which set out the requirements in terms of procurement processes and journey. For continuous improvements to be made in this area, departments were required to work closely with the Procurement section. Strong procurement processes within departments and the Comhairle would in turn promote the four main principles of public procurement which were transparency, accountability, fairness and proportionality.

The Report noted that the most significant issue arising from the review which required management attention was that the Procurement Steering Group had not been meeting. The Report indicated that based on the audit work carried out the overall opinion was that a reasonable level of assurance could be placed upon the control environment of the service/area under review.

It was agreed to recommend that the Comhairle note the Report.

Treasury
Management

- 18 The Chief Internal Auditor submitted a Report which provided an overview of the Comhairle's arrangements for the operation and management of Treasury Management. The Report provided detailed information in relation to the scope of the audit. The findings, recommendations and action plan were detailed at Section 3 of the Report.

The Report stated that the Treasury Management Code provided a framework for effective treasury management in public sector organisations. It was highlighted that Treasury Management was a critical function that encompassed the management of financial assets and liabilities with the Comhairle. The function sought to maximise liquidity, manage risks and optimise returns.

The Report noted that based on the review of Treasury Management it could be concluded that the function operates in accordance with the CIPFA Code of Practice on Treasury Management and there were no issues to report.

The Report indicated that based on the audit work carried out the overall opinion was that a full level of assurance could be placed upon the control environment of the service/area under review.

It was agreed to recommend that the Comhairle note the Report.

PERFORMANCE MONITORING

Reports
Outstanding

- 19 The Chief Executive submitted a Report detailing the Reports Outstanding arising from decisions of the Committee.

It was agreed to recommend that the Comhairle note the Report.

