

Minute

Monitoring and Audit Committee

Wednesday, 29 November 2023, 12 noon.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Alexander G Cowie, P Lindsay Hall, Stephen G Clackson, W Leslie Manson, John A R Scott, Gillian Skuse and Mellissa-Louise Thomson.

Councillor James W Stockan, who had been invited for Items 1 and 2.

Clerk

- Hazel Flett, Services Manager (Governance).

In Attendance

- Oliver Reid, Chief Executive.
- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- Gavin Mitchell, Head of Legal and Governance.
- Erik Knight, Head of Finance.
- Alex Rodwell, Head of Improvement and Performance.
- Andrew Paterson, Chief Internal Auditor.

KPMG

- Michael Wilkie, Public Sector Audit Director.

In Attendance via Remote Link (Microsoft Teams)

- Matthew Moore, Senior Manager, KPMG.
- Taimoor Alam, Audit Manager, KPMG.

Observing

- Stephen Brown, Chief Officer, Orkney Health and Social Care Partnership.
- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Pat Robinson, Service Manager (Accounting).
- Shannon MacLeod, Team Manager (Accounting).
- Kirsty Groundwater, Team Manager (Communications) (for Items 1 and 2).

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Alexander G Cowie.

1. Audit Report to those charged with Governance

After consideration of a report by the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, and after hearing a report from the Public Sector Audit Director, KPMG, the Committee:

Noted:

1.1. That KPMG, as the Council's external auditor, had undertaken its audit of Orkney Islands Council's Financial Statements for the year ended 31 March 2023.

1.2. That KPMG was planning to issue an unqualified audit opinion on the Council's Financial Statements for the year ended 31 March 2023.

1.3. That the draft audit report stated that the financial statements had been properly prepared in accordance with applicable law, accounting standards and other reporting requirements.

1.4. That, during the course of the audit, there were six corrected audit misstatements and two uncorrected misstatements, as detailed on pages 50-54 of the Annual Audit Report to Members and the Controller of Audit, attached as Appendix 3 to the report by the Corporate Director for Enterprise and Sustainable Regeneration.

1.5. KPMG's independent auditor's report in respect of the audit of Orkney Islands Council's Annual Accounts for 2022/23, attached as Appendix 1 to the report by the Corporate Director for Enterprise and Sustainable Regeneration, in accordance with the International Standard on Auditing 260.

1.6. The Annual Audit Report to the Council and the Auditor General for Scotland, attached as Appendix 3 to the report by the Corporate Director for Enterprise and Sustainable Regeneration.

On the motion of Councillor P Lindsay Hall, seconded by Councillor Stephen G Clackson, the Committee resolved, in terms of delegated powers:

1.7. That Orkney Islands Council's Letter of Representation to KPMG in connection with its audit of the financial statements of Orkney Islands Council for the year ended 31 March 2023, attached as Appendix 1 to this Minute, be approved.

2. Annual Accounts

After consideration of a report by the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, the Committee:

Noted:

2.1. The requirement, in terms of the Local Authority Accounts (Scotland) Regulations 2014, for a local authority, or a committee of the authority, whose remit included audit or governance functions, to consider and approve the audited Annual Accounts for signature no later than 30 September immediately following the financial year to which the accounts relate.

2.2. That, although the unaudited annual accounts were submitted to KPMG by the required deadline of 30 June 2023, as this was the first year of KPMG's 5-year appointment as the Council's external auditors and, given the pressures on the audit profession, together with changes to certain auditing standards, certain aspects of the audit were still ongoing and could not be completed in time to allow a full audit opinion to be reached before 30 September 2023.

2.3. That Audit Scotland had been notified of the situation outlined above and had been in regular contact with KPMG, and all other auditors, to monitor progress with the 2022/23 audits, as it was known this year would prove challenging to meet the 30 September deadline.

2.4. That, in order to enable KPMG to complete their first year of auditing the accounts, the signed Annual Accounts, together with an appropriate audit certificate, would be published as soon as possible after approval.

The Committee resolved, in terms of delegated powers:

2.5. That the Annual Accounts for financial year 2022/23, including the Annual Governance Statement, attached as Appendix 2 to this Minute, be approved.

3. Best Value Thematic Report 2022/23

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, and after hearing a report from the Public Sector Audit Director, KPMG, the Committee:

Scrutinised the key messages and improvement actions outlined in the Best Value Thematic Report 2022/23: Leadership in the development of the Council's strategic priorities, attached as Appendix 1 to the report by the Corporate Director for Strategy, Performance and Business Solutions, and obtained assurance.

4. Conclusion of Meeting

At 13:12 the Chair declared the meeting concluded.

Signed: A G Cowie.