

# Minute

## Monitoring and Audit Committee

Thursday, 26 September 2019, 11:00.

Council Chamber, Council Offices, School Place, Kirkwall.



## Present

Councillors John T Richards, David Dawson, Stephen G Clackson, Steven B Heddle and John A R Scott.

## Also Present

Councillor James W Stockan (for Items 1 and 2).

## Clerk

- Sandra Craigie, Committees Officer.

## In Attendance

- Gavin Barr, Executive Director of Development and Infrastructure.
- Gillian Morrison, Executive Director of Corporate Services.
- Sally Shaw, Chief Officer/Executive Director, Orkney Health and Care (for Items 1 to 5.3)
- Gareth Waterson, Head of Finance.
- Gavin Mitchell, Head of Legal Services.
- Andrew Groundwater, Head of HR and Performance.
- Hayley Green, Head of IT and Facilities (for Items 1 to 5.5).
- Darren Richardson, Head of Infrastructure and Strategic Projects (for Items 1 to 5.1).
- Andrew Paterson, Chief Internal Auditor.
- Peter Bevan, Engineering Services Manager (for Item 5.2).
- Peter Thomas, Internal Auditor (for Items 1 to 5.1).

## Audit Scotland:

- Gillian Woolman, Audit Director (for Items 1 to 5.1).
- Patricia Fraser, Audit Manager (for Items 1 to 5.1).

## Observing

- James Wylie, Executive Director of Education, Leisure and Housing.
- Colin Kemp, Corporate Finance Senior Manager (for Items 1 and 2).
- Shonagh Merriman, Accounting Manager (Corporate Finance) (for Items 1 and 2).
- David Hartley, Communications Team Leader.

- George Vickers, Information Governance Officer (for Items 1 to 4).
- Andrew Hamilton, Performance and Best Value Officer (for Items 1 to 5.1).
- Kirsty Groundwater, Press Officer.

## **Apologies**

- Councillor Andrew Drever.
- Councillor Kevin F Woodbridge.

## **Declarations of Interest**

- Councillor John T Richards – Item 2.
- Councillor John A R Scott – Item 2.

## **Chair**

- Councillor John T Richards.

## **1. Audit Report to those charged with Governance**

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Audit Director, Audit Scotland, the Committee:

Noted:

**2.1.** That Audit Scotland, as the Council's external auditor, had concluded its audit of Orkney Islands Council's Financial Statements for the year ended 31 March 2019.

**2.2.** That Audit Scotland had provided an unqualified audit certificate on the Council's Financial Statements for the year ended 31 March 2019.

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

**2.4.** That, during the course of the audit, a number of presentational and monetary adjustments within the financial statements were identified, which had been adjusted in the final accounts.

**2.5.** That no material weaknesses in the accounting and internal control systems were identified during the audit.

**2.6.** Audit Scotland's covering letter in respect of the Orkney Islands Council Annual Audit Report, attached as Appendix 1 to the report by the Head of Finance, in accordance with the International Standard on Auditing 260.

**2.7.** Orkney Island's Council's Letter of Representation to Audit Scotland in connection with its audit of the financial statements of Orkney Islands Council for the year ended 31 March 2019, attached as Appendix 2 to the report by the Head of Finance.

**2.8.** The Annual Audit Report to Members and the Controller of Audit in respect of the Orkney Islands Council Annual Accounts, attached as Appendix 3 to the report by the Head of Finance.

## **2. Annual Accounts**

Councillors John T Richards and John A R Scott declared non-financial interests in this item, being Council-appointed trustees of the Pickaquoy Centre Trust, but concluded that their interests did not preclude their involvement in the discussion.

After consideration of a report by the Head of Finance, 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 related.

**2.2.** The management commentary, comprising pages 1 to 15 of the Annual Accounts, attached as Appendix 1 to the report by the Head of Finance, which provided an overview of the most significant matters reported in the Annual Accounts for financial year ended 31 March 2019, with the key facts and figures summarised at section 4.3 of the report by the Head of Finance.

The Committee resolved, in terms of delegated powers:

**2.3.** That the Annual Accounts for financial year 2018 to 2019, attached as Appendix 1 to this Minute, be approved.

## **3. Strategic Planning and Performance Framework**

After consideration of a joint report by the Chief Executive and the Executive Director of Corporate Services, copies of which had been circulated, and after hearing a report from the Head of HR and Performance, the Committee:

Noted:

**3.1.** That, since the Strategic Planning and Performance Framework was last reviewed in March 2016, there had been several developments which had had an impact on the Council's strategic and service-level planning and performance and risk management arrangements, as detailed in sections 4 and 5 of the joint report by the Chief Executive and the Executive Director of Corporate Services.

The Committee resolved to **recommend to the Council:**

**3.2.** That the updated Strategic Planning and Performance Framework, attached as Appendix 2 to this Minute, be approved.

## 4. Complaints Handling

After consideration of a report by the Executive Director of Corporate Services, copies of which had been circulated, and after hearing a report from the Head of Legal Services, the Committee:

Noted the Annual Complaints Handling Report for 2018 to 2019, attached as Annex 1 to the report by the Executive Director of Corporate Services.

## 5. Internal Audit Reports

### 5.1. Burial Grounds – Memorial Safety

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Noted:

**5.1.1.** That Internal Audit had undertaken an audit of the processes and procedures relating to memorial safety works undertaken in burial grounds.

**5.1.2.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relevant to memorial safety in burial grounds.

The Committee resolved to **recommend to the Council:**

**5.1.3.** That, having reviewed the audit findings referred to at paragraph 5.1.2 above, assurance was obtained that action had been taken or agreed where necessary.

### 5.2. Grounds Maintenance

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Noted:

**5.2.1.** That, on 9 February 2019, the Monitoring and Audit Committee considered the findings of an internal audit report relating to the process followed for implementing savings made to the grounds maintenance budget for 2018 to 2019.

**5.2.2.** That, having reviewed the audit findings, referred to at paragraph 5.2.1 above, the Monitoring and Audit Committee did not obtain assurance that action had been taken or agreed where necessary and subsequently recommended that a further audit, with increased scope, be undertaken in order to provide clarification on the following matters:

- The chronology of events, including why information from the Senior Management Team on the impact of the reductions to the grounds maintenance budget was not relayed to Councillors prior to the final decision being made in respect of setting the overall revenue budget for financial year 2018 to 2019.
- The lack of input from Councillors as to how the savings within the grounds maintenance service could be achieved.
- How the outcome related to decisions taken and its intent.

- Whether Council process which was followed was effective and/or adequate, including affording appropriate political oversight.
- The degree of latitude afforded or acceptable when interpreting Council decisions of this nature.
- As the budget templates seen by Councillors did not relay the known consequences, whether improvements could be made.

**5.2.3.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, assessing the effectiveness of the budget setting process, ascertaining whether communication was adequate and providing a detailed timeline of the process relevant to implementing savings made to the grounds maintenance budget for 2018 to 2019.

The Committee resolved to **recommend to the Council**:

**5.2.4.** That, having reviewed the audit findings referred to at paragraph 5.2.3 above, assurance was obtained that action had been taken or agreed where necessary.

### **5.3. Self-Directed Support**

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Noted:

**5.3.1.** That Internal Audit had undertaken an audit of the processes and procedures relating to implementation of Self-Directed Support.

**5.3.2.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to self-directed support.

The Committee resolved to **recommend to the Council**:

**5.3.3.** That, having reviewed the audit findings referred to at paragraph 5.3.2 above, assurance was obtained that action had been taken or agreed where necessary.

### **5.4. Corporate Governance and Risk Management**

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Noted:

**5.4.1.** That Internal Audit had undertaken an audit of the processes and procedures relating to Corporate Governance and Risk Management.

**5.4.2.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to Corporate Governance and Risk Management.

The Committee resolved to **recommend to the Council**:

**5.4.3.** That, having reviewed the audit findings referred to at paragraph 5.4.2 above, assurance was obtained that action had been taken or agreed where necessary.

### **5.5. Risk Assessments**

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Noted:

**5.5.1.** That Internal Audit had undertaken an audit of the processes and procedures relating to Risk Assessments.

**5.5.2.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to Risk Assessments.

The Committee resolved to **recommend to the Council**:

**5.5.3.** That, having reviewed the audit findings referred to at paragraph 5.5.2 above, assurance was obtained that action had been taken or agreed where necessary.

### **5.6. Destination Orkney**

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Noted:

**5.6.1.** That Internal Audit had undertaken an audit of the processes and procedures relating to grant funding for Destination Orkney.

**5.6.2.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to Destination Orkney.

The Committee resolved to **recommend to the Council**:

**5.6.3.** That, having reviewed the audit findings referred to at paragraph 5.6.2 above, assurance was obtained that action had been taken or agreed where necessary.

## **6. Conclusion of Meeting**

At 14:40 the Chair declared the meeting concluded.

Signed: J T Richards.