

Item: 6

Monitoring and Audit Committee: 14 November 2024

External Audit Actions Progress Report

Report by Chief Internal Auditor

1. Overview

- 1.1. When the annual external audit report has been finalised, the actions from it are uploaded to Ideagen Risk Management and the officers responsible for implementing the audit actions are then required to provide updates on progress. The status of all recommendations is reported quarterly to the Corporate Leadership Team.
- 1.2. The report, attached as Appendix 1 to this report, is based on the information contained in the Ideagen system and provides the Committee with an update on progress with implementing external audit actions.
- 1.3. The table on Page 2 of Appendix 1 shows that there are currently 7 actions still in progress with 2 of these past the original target date for completion. The table on Page 3 gives more detail of the individual actions.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Scrutinise progress made to date in completing actions arising from External Audit Annual Audit Reports, as detailed in Appendix 1 to this report, in order to obtain assurance that issues identified during external audits are being actioned and followed up.

For Further Information please contact:

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Implications of Report

- 1. Financial:** None directly related to the recommendations in this report.
- 2. Legal:** None directly related to the recommendations in this report.
- 3. Corporate Governance:** In terms of the Scheme of Administration, consideration of External Audit findings and recommendations and to review actions taken on

recommendations made, is a referred function of the Monitoring and Audit Committee.

4. **Human Resources:** None directly related to the recommendations in this report.
5. **Equalities:** An Equality Impact Assessment is not required in respect of External Audit Reporting.
6. **Island Communities Impact:** An Island Communities Impact Assessment is not required in respect of External Audit Reporting.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
9. **Environmental and Climate Risk:** None directly related to the recommendations in this report.
10. **Risk:** Internal Audit evaluates the effectiveness and contributes to the improvement of the risk management processes.
11. **Procurement:** None directly related to the recommendations in this report.
12. **Health and Safety:** None directly related to the recommendations in this report.
13. **Property and Assets:** None directly related to the recommendations in this report.
14. **Information Technology:** None directly related to the recommendations in this report.
15. **Cost of Living:** None directly related to the recommendations in this report.

List of Background Papers

2022/23 External Audit Annual Report.

2022/23 Best Value Thematic Report.

Appendix

Appendix 1: External Audit Actions Progress Report.



Internal Audit

External Audit Actions Progress Report

Draft issue date: 21 October 2024

Final issue date: 31 October 2024

Distribution list:	<p>Corporate Director for Strategy, Performance and Business Solutions</p> <p>Corporate Director for Enterprise and Sustainable Regeneration</p> <p>Corporate Director for Neighbourhood Services and Infrastructure</p> <p>Corporate Director for Education, Leisure, and Housing</p> <p>Chief Officer Orkney Health and Care Partnership</p>
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Executive Summary

The Council's performance and risk management system, Ideagen Risk Management, is used to monitor the implementation of external audit actions.

When the external audit report has been finalised, the actions from it are uploaded to Ideagen and the officers responsible for implementing the audit actions are then required to provide updates on progress. The status of all recommendations is reported quarterly to the Corporate Leadership Team.

This report provides an update on progress with implementing the external audit actions and highlights any actions which have not been implemented by the agreed date.

To assist with the monitoring of actions, a traffic light system on Ideagen classifies the performance of each action as follows:

- Blue: the agreed action has been progressed to completion.
- Green: the agreed action is likely to meet or exceed its target.
- Amber: the agreed action is experiencing minor underperformance, with a low risk of failure to meet its target.
- Red: the agreed action is experiencing significant underperformance, with a medium to high risk of failure to meet its target.

The system also highlights actions which are overdue for update. The table below details the number of external audit actions on Ideagen for each of the categories.

Red	Amber	Green	Blue	Update Overdue
2	0	5	15	0

Introduction

Progress with external audit actions is monitored through the Council's performance management system Ideagen Risk Management. The system sends out automated email reminders to officers responsible for updating each action at the end of each reporting period. Where no update has been made for an action for a particular reporting period, this is noted on the system.

Actions Overview

The table below gives an overview of the number and status of current actions broken down by Directorate.

Directorate	Red	Amber	Green	Blue	Total
Strategy Performance and Business Solutions (SPBS)			1	6	7
Neighbourhood Services and Infrastructure (NS&I)	1		1	1	3
Enterprise and Sustainable Regeneration (E&SR)	1		2	7	10
Education Leisure and Housing (ELH)					
Orkney Health and Social Care Partnership (OHASCP)					
All			1	1	2
Totals	2		5	15	22

Actions Breakdown

The table below gives further detail of the actions both outstanding and in progress. To give some perspective, there were 76 recommendations made by External Audit over the period covered in the table and 69 of these actions have been completed.

Report	Directorate	Action	Status of Action
2014/15	NS&I	The Council should review whether it has responsibility for restoring its waste disposal and quarry sites and decide how it will deal with any future costs.	Red
2015/16	E&SR	The Council should ensure controls are in place to detect and manage capital programme slippage at an early stage. The Council should also develop a long-term capital investment strategy (10 to 15 years) to help to set out the needs and constraints for local capital investment and to help maintain, direct and control their investment.	Red
2022/23	ES&R	In August 2022, Audit Scotland issued updated guidance in regard to the accounting of Infrastructure assets. For management to meet this requirement they will need to carry out a retrospective review of the methodology used to account for the infrastructure assets and update the methodology accordingly to ensure compliance with the guidance.	Green
	ES&R	The anti-fraud policy notes that it is subject to review every three years. However, it was last reviewed and updated in 2019. We recommend timely review and update of all policy and procedures documents	Green
	All	Medium Term Financial Strategy identifies the options available to bridge the identified funding gap. However, detailed plans at operational/service level are required to be developed and implemented to ensure achievement. There is a risk of inability to achieve financial balance. We recommend that the Council should continue to develop detailed service level medium terms plans to bridge the gap in a sustainable manner	Green
2022/23 BV Audit	SPBS	A project to review the approach to Community Consultation and Engagement is underway and includes actions to consider engagements methods. We recommend the Council ensures that it considers, as part of this project, how ad hoc and in-year consultation is carried out effectively and that it seeks stakeholder views on the proposed and implemented approach.	Green
	NS&I	The Council should expedite its ongoing development of climate related strategies and associated action and delivery plans. This should include incorporation of the impacts of the identified climate related initiatives in the future budgets and the medium-term financial plan.	Green