

## Minute

### Monitoring and Audit Committee

Thursday, 27 September 2018, 10:30.

Council Chamber, Council Offices, School Place, Kirkwall.



### Present

Councillors John T Richards, David Dawson, Stephen G Clackson, Andrew Drever, Steven B Heddle, Stephen Sankey and Gwenda M Shearer.

### Clerk

- Sandra Craigie, Committees Officer.

### In Attendance

- Alistair Buchan, Chief Executive.
- Gillian Morrison, Executive Director of Corporate Services.
- Gareth Waterson, Head of Finance (for Items 1 to 3).
- Andrew Groundwater, Head of HR and Performance.
- Gavin Mitchell, Head of Legal Services.
- Olwen Sinclair, Chief Internal Auditor.

### Audit Scotland:

- Gillian Woolman, Audit Director.
- Patricia Fraser, Audit Manager.

### Observing

- Sally Shaw, Chief Officer/Executive Director, Orkney Health and Care.
- Peter Diamond, Head of Education (Leisure, Culture and Inclusion) (for Items 5.2 to 6).
- Scott Hunter, Head of Children and Families and Criminal Justice and Chief Social Work Officer.
- Colin Kemp, Corporate Finance Senior Manager (for Items 1 and 2).
- Shonagh Merriman, Accounting Manager (Corporate Finance) (for Items 1 and 2).
- Andrew Hamilton, Performance and Best Value Officer (for Item 1).

### Declarations of Interest

- No declarations of interest were intimated.

### Chair

- Councillor John T Richards in the Chair.

## **1. External 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:

**1.1.** 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 2018.

**1.2.** That Audit Scotland had provided an unqualified audit certificate on the Council's Financial Statements for the year ended 31 March 2018.

**1.3.** 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.

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

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

**1.6.** Audit Scotland's report to those charged with governance on the 2017 to 2018 audit of the Council's Annual Accounts, attached as Appendix 1 to the report by the Head of Finance, in accordance with the International Standard on Auditing 260.

**1.7.** 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 2018, attached as Appendix 2 to the report by the Head of Finance.

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

## **2. Annual Accounts**

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 14 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 2018, with the key facts and figures summarised at section 6.2 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 2017 to 2018, attached as Appendix 1 to this Minute, be approved.

### **3. 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 2017 to 2018, attached as Appendix 1 to the report by the Executive Director of Corporate Services.

### **4. Integration Joint Board**

#### **Internal Audit Annual Report and Assurance Statement**

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

Noted:

**4.1.** That the Council's Chief Internal Auditor was the appointed Chief Internal Auditor of the Integration Joint Board for the period 2017 to 2019.

**4.2.** The Internal Audit Annual Report and Assurance Statement 2017 to 2018 in respect of the Integration Joint Board, attached as Appendix 1 to the report by the Chief Internal Auditor.

**4.3.** That, subject to exclusions set out within the Internal Audit Annual Report and Assurance Statement in respect of the Integration Joint Board, the audit confirmed that, for areas subject to audit review during 2017 to 2018, there were adequate and effective controls operating.

### **5. Internal Audit Reports**

#### **5.1. General Ledger**

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 controls in place within the main accounting system.

**5.1.2.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the controls in place within the main accounting system.

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. Corporate Governance and Risk Management**

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

Noted:

**5.2.1.** That Internal Audit had undertaken a review of the requirements of the Local Code of Corporate Governance and the annual self-assessments completed for financial years 2016 to 2017 and 2017 to 2018.

**5.2.2.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the Council's corporate governance arrangements and the annual self-assessment process.

**5.2.3.** That an action plan to address the improvements identified and included within the internal audit report had been agreed with responsible officers, with the actions due to be implemented by May 2019.

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

**5.2.4.** That, having reviewed the audit findings referred to at paragraph 5.2.2 above, assurance was obtained that action had been taken or agreed where necessary.

## **5.3. Out of Orkney Placements**

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 governance processes surrounding out of Orkney placements.

**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 the governance processes surrounding out of Orkney placements.

**5.3.3.** That an action plan to address the improvements identified and included within the internal audit report had been agreed with responsible officers, with the actions due to be implemented by March 2019.

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

**5.3.4.** 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.

## **6. Conclusion of Meeting**

At 11:55 the Chair declared the meeting concluded.

Signed: J T Richards.