

Minute

Monitoring and Audit Committee

Thursday, 8 June 2023, 09:30.

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 and Gillian Skuse.

Present via Remote Link (Microsoft Teams)

Councillor Mellissa-Louise Thomson.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Oliver Reid, Chief Executive.
- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- James Wylie, Corporate Director for Education, Leisure and Housing.
- Erik Knight, Head of Finance.
- Kenny MacPherson, Head of Property, Asset Management and Facilities (for Items 5.2 to 6).
- Gavin Mitchell, Head of Legal and Governance.
- 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)

- Anna Whelan, Service Manager (Strategy and Partnership) (for Items 1 to 3).

Observing

- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Robert Adamson, Service Manager (Payroll and Pensions).
- Thomas Aldred, Service Manager (ICT) (for Item 6).
- Sarah Dawson, Trainee Internal Auditor.
- Obinna Ume, Performance and Best Value Officer.

Declaration of Interest

- Councillor Gillian Skuse – Item 5.1.

Chair

- Councillor Alexander G Cowie.

1. KPMG – External Audit Plan

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

Noted the external audit plan for 2022/23, prepared by KPMG, attached as Appendix 1 to the report by the Corporate Director for Enterprise and Sustainable Regeneration.

2. Local Code of Corporate Governance

Annual Self-Assessment and Improvement Action Plan

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 Service Manager (Strategy and Partnership), the Committee:

Noted:

2.1. That the Council maintained a Local Code of Corporate Governance which was consistent with the Chartered Institute of Public Finance and Accountancy Delivering Good Governance in Local Government Framework.

2.2. That the Corporate Leadership Team carried out an annual self-assessment of compliance with the Local Code of Corporate Governance and prepared an Improvement Action Plan which listed scheduled updates and improvements to governance procedures and documentation planned by Council directorates.

2.3. That the self-assessment was part of the Council's annual review of the effectiveness of its governance framework, including the system of internal control, based on the Chartered Institute of Public Finance and Accountancy Framework, and informed preparation of the Annual Governance Statement, which formed part of the Statement of Accounts.

2.4. That the annual review process was audited during 2022/23 by Internal Audit which recommended that the Improvement Action Plan should include a progress report on the actions included in the previous year's plan.

2.5. That the annual self-assessment process for 2022/23 had been completed and an Improvement Action Plan for 2023/24 prepared, which included a progress update on actions included in the Improvement Action Plan for 2022/23 together with new actions for 2023/24 and beyond.

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

2.6. That the Improvement Action Plan 2023/24, attached as Appendix 1 to this Minute, be approved.

3. Internal Audit Actions – Progress Report

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

Scrutinised progress made to date in completing Internal Audit actions, as detailed in Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance that issues found during internal audits were being actioned and followed up.

4. External Audit Actions – Progress Report

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

Scrutinised progress made to date in completing actions arising from External Audit annual audit reports, as detailed in Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance that issues identified during external audits were being actioned and progressed.

5. Internal Audit Reports

5.1. Following the Public Pound

Councillor Gillian Skuse declared an interest in this part of this item, her connection being that she was employed by an organisation that had received grant payments from the Council, and was not present during discussion thereof.

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

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, reviewing arrangements in place to ensure that suitable and proportionate governance in respect of all Following the Public Pound funding agreements entered into by the Council were in place, and obtained assurance that action had been taken or agreed where necessary.

5.2. Pension Administration

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

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, reviewing arrangements in place to ensure that processes and controls for pension administration within the Council were operating effectively, and obtained assurance that action had been taken or agreed where necessary.

5.3. Summary of Small Annual Reviews

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

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to procedures and controls in place within the Council relating to Statutory Performance Indicators, Financial Performance Indicators, stock checks and Orkney College Discretionary and Childcare Funds, and obtained assurance that action had been taken or agreed where necessary.

5.4. Disaster Recovery – Information Communications Technology

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

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, reviewing whether there were adequate and effective disaster recovery arrangements in place which covered all key systems operating within the Council and that roles and responsibilities of officers in relation to disaster recovery were documented and understood, and obtained assurance that action had been taken or agreed where necessary.

6. Conclusion of Meeting

At 10:50 the Chair declared the meeting concluded.

Signed: A G Cowie.

Local Code of Corporate Governance: Improvement Action Plan 2023-2024

Directorates

SPBS – Strategy, Performance and Business Solutions.

ESR – Enterprise and Sustainable Regeneration.

ELH – Education, Leisure and Housing.

NSI – Neighbourhood Services and Infrastructure.

OHAC – Orkney Health and Care.

RAGB status

RED – Stalled or cancelled.

AMBER – In train but behind schedule.

GREEN – In train and on schedule.

BLUE – Complete.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
A1. Behaving with integrity.	Review the Council’s Scheme of Administration and Scheme of Delegation to Officers.	SPBS	2023-2024	GREEN	Planned review in June 2023.
	Embed staff values within HR/OD processes.	SPBS	2023-2024	GREEN	
	Rework financial regulations.	ESR	2023-2025	GREEN	
	Medium–Long Term financial strategy.	ESR	2023-2024	GREEN	
A2. Demonstrating strong commitment to ethical values.	None.				

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
A3. Respecting the rule of law.	Review the Council's Contract Standing Orders.	SPBS	2023-2024	GREEN	Planned review in Nov 2023.
	Review the Council's RIPSAs policies and procedures.	SPBS	2023-2024	GREEN	Planned review by Dec 2023.
B1. Openness.	Review how key documents such as Roads Maintenance Plan are publicised.	NSI	2022-2023 extended to 2024	AMBER	Planned review by Dec 2023.
	Publish the Council's Procurement Annual Report in Autumn 2023.	SPBS	2023-2024	GREEN	Planned publication in November 2023.
	Publish the Council's Annual Complaints Handling Report.	SPBS	2023-2024	GREEN	Planned publication in November 2023.
	Ongoing work to publicise future roads works including tracking the gritters.	NSI	2023-2024	GREEN	
B2. Engaging comprehensively with institutional stakeholders.	Increase profile of the Roads Safety Forum.	NSI	2022-2023	BLUE	Ongoing work with the Road Safety Forum, now business as usual so closed.
	Prepare a local resilience plan for each island.	NSI	2023-2025	GREEN	Scheduled to start early 2024.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
B3. Engaging with individual citizens and service users effectively.	Provide training for Elected Members and refresher training for staff in community consultation and engagement.	SPBS	2022-2023 extended to 2024	AMBER	Not progressed in 2022-23 due to lack of capacity. Deferred to 2023-24.
	The Council has undertaken a review of its Tenant Participation Strategy, including electronic processes for tenant participation, and will consult during 2022-23.	ELH	2022-2023 extended to 2024	AMBER	Consultation deferred to 2023-2024.
	Review the Council's Communications and Engagement Strategy and publish an updated strategy in tandem with the Council Plan.	SPBS	2022-2023 extended to 2024	AMBER	Council Plan 2023-2028 published. Comms Strategy still to be completed.
	Explore the development of a modernised suite of community engagement and consultation tools including an online platform.	SPBS	2023-2024	GREEN	
	Budgetary savings consultations.	ESR	2023-2024	GREEN	Planned as part of budget setting for 2024/25
	The Scottish Approach to Service Design to be spread further across the Council.	SPBS	2023-2025	GREEN	

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
C1. Defining outcomes.	Develop a new Council Plan for 2023–26.	SPBS	2022-2023	BLUE	Council Plan 2023-2028 approved and published March 2023.
	Develop a new Community Plan (LOIP) for 2023–26.	SPBS	2022-2023	BLUE	Orkney Community Plan 2023-30 (LOIP) adopted by the Orkney Partnership Board in March 2023.
	Develop new Service Plans for 2023-2026 (now renamed Directorate Delivery Plans).	All Directorates	2022-2023 extended to 2024	AMBER	In progress, completion deferred to 2023-2024.
	Develop new Orkney Local Development Plan.	NSI	2022-2028	GREEN	In progress.
	Develop Harbours Masterplan.	ESR	2022-2023	BLUE	Development programme in train for major projects to offset costs and generate income.
	Make Climate Change Officer full-time post.	NSI	2022-2023	BLUE	New Climate Change Officer appointed full time.
	Update Quarries Business Plan.	NSI	2022-2023 extended to 2024	AMBER	In progress, completion deferred to 2023-2024.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
	Develop a new Children's Services Plan for 2023–26.	OHAC	2022-2023 extended to 2024	AMBER	In progress, completion deferred to 2023-2024.
	Develop a new Local Housing Strategy for 2023–28.	ELH	2022-2023 extended to 2024	GREEN	In progress, completion expected 2024.
	Review the Sustainable Procurement Policy on an annual basis to ensure that any emerging Council commitments on climate change are incorporated to reflect the potential for rapid change in this policy area.	SPBS	Annual	GREEN	No changes identified for year ending 31 March 2023.
	Develop Regional Marine Plan.	NSI	2023-2025	GREEN	Work underway. Draft sent to Scottish Government November 2022. Consultation planned for Summer 2023 now in doubt as comments not yet back from SG.
	Develop climate change strategy and action plan.	NSI	2023-2024	GREEN	Work underway and will be reported against the Council Delivery Plan.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
	Develop Local Heat and Energy Efficiency Strategy.	NSI	2023-2025	GREEN	Work underway, will be reported against in the NSI Directorate Delivery Plan.
	Develop final business case for Islands Centre for Net Zero.	ESR	2023-2024	BLUE	Final Business Case approved by UK and Scottish Governments.
	Develop long term financial plan.	ESR	2023-2024	GREEN	Medium term financial plan will be considered by P&R in June 2023.
C2. Sustainable economic, social and environmental benefits.	Ensure that any Council obligations on the climate emergency contained within the Community Plan 2021 - 23 (and subsequent Community Plan for 2023 - 26) are embedded within the new Council Plan 2023 - 26 and other Council planning and performance reporting documentation as appropriate.	SPBS	2022-2023	BLUE	Orkney Community Plan 2023-30 commits to Net Zero by 2030. This commitment and a commensurate reduction in the Council's carbon footprint were both embedded in the new Council Plan 2023-28.
	Develop the Learning Estate Strategy.	ELH	2022-2023	BLUE	Established 2022, phase 2 and 3 in progress.
	Implementation of the Empowering Communities Small Works plan.	SPBS	2023-2024	GREEN	

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
D1. Determining interventions.	Submit revised Capital Project Appraisal process and new long-term strategic priorities to Council for approval in 2022 – 23.	ESR	2022-2023 extended to 2024	AMBER	In progress, completion deferred to 2023-2024.
	Present options for future Locality Planning to the Orkney Partnership Board in June 2022 and develop a new Locality Plan(s) in tandem with the new LOIP for 2023 - 26.	SPBS	2022-2023 extended to 2024.	AMBER	The new LOIP includes a strategic priority of Local Equality and the new Local Equality Delivery Plan (expected Sep 2023) will be the new Locality Plan.
	Review self-assessment arrangements.	SPBS	2022-2023	BLUE	Decision made to adopt Public Sector Improvement Framework (PSIF).
	Review of senior phase offer.	ELH	2022-2023	BLUE	Completed with ADES/Education Scotland in May 2023.
	Review of the Education Service key indicators with Education Scotland.	ELH	2022-2023 extended to 2024	BLUE	Completed in June 2023.
	Review of Leisure and Culture Services.	ELH	2022-2023 extended to 2024	AMBER	In progress, completion deferred to 2023-2024.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
	Implement actions arising from review of senior phase offer.	ELH	2023-2024	GREEN	In progress, incorporated in the Education Service Improvement Plan 2022/23.
	Implementation of the Public Sector Improvement Framework across the Council.	SPBS	2023-2024	GREEN	
	Review of Broad General Education.	ELH	2023-2024	GREEN	In progress.
	Review of Library and archives.	ELH	2023-2024	GREEN	Dependent on funding being found.
	Corporate asset management plan (CAMP).	NSI	2023-2024	GREEN	In plan to deliver in 2023-2024
D2. Planning interventions.	Locality plans for OHAC are required by statute and will be developed in 2022 – 23.	OHAC	2022-2023 extended to 2024	AMBER	The Strategic Plan Delivery Plan identifies taking forward locality planning through the establishment of locality planning groups for the health and social care partnership, linking with key partners and our community.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
	All services are developing Service Plans for 2023 - 26 in tandem with the new Council Plan 2022 – 27.	All relevant services	2022-2023 extended to 2024	AMBER	New Council Plan adopted for 2023-2028. Development of Directorate Delivery Plans is in train.
	Establish a sustainable framework for the future planning, monitoring and reporting of children’s services, including child poverty work.	OHAC	2022-2023 extended to 2024	AMBER	<p>Child Poverty partnership work is now embedded in the Child Poverty Strategy 2022-26, and is tracked and monitored by the Cost of Living Task Force.</p> <p>Work is underway to finalise the Children’s Services Plan 2023-26 and the framework will be overseen by the Orkney Children and Young People’s Partnership.</p>
D3. Optimising achievement of intended outcomes.	Develop a new Joint Resourcing Plan for the Orkney Partnership to supplement the Local Outcomes Improvement Plan for 2021 - 23 and update it to supplement the new LOIP for 2023 – 26.	SPBS	2022-2023	BLUE	Joint resource planning has been incorporated into Delivery Group plans. A protocol for resourcing joint projects was agreed by the Orkney Partnership Board on 14 March 2023.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
	Review and update Efficiency Strategy.	ESR	2022-2023 extended to 2024.	AMBER	Completion deferred to 2023-2024.
E1. Developing the entity's capacity.	Implement Planning and Environmental Health workforce plans.	NSI	2022-2023 extended to 2024.	AMBER	In train, extended to 2024.
	In partnership with the Improvement Service, conduct a review of The Orkney Partnership to determine its future direction, operation and support.	SPBS	2022-2023	BLUE	Review completed summer 2022. Agreed improvements have been incorporated into the Partnership's Development Plan.
	Continue to roll out the Our People Our Plan programme of organisational development.	SPBS	2022-2023	BLUE	Our People Our Plan roll out continued throughout 2022/23. Further organisational development actions to continue this initiative are included in the People Plan and the new Council Plan.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
	Roll out the Investors in People initiative.	SPBS	2022-2023	BLUE	The Council was awarded the Standard in Investors in People in February 2023. An implementation plan has been developed to advance the accreditation to the next level over the next 2 years.
	Orkney Ferries are planning a cadet training scheme akin to the Merchant Navy.	ESR	2023-2026	GREEN	In progress with a specialist training provider.
E2. Developing the capability of the entity's leadership and other individuals.	ERD scheme to be reviewed.	SPBS	2023-2024	GREEN	
F1. Managing risk.	Present the 2021-22 Chief Officers' Group Annual Report to the IJB, the Council, the Board of NHS Orkney, the Scottish Police Authority and the Orkney Community Planning Partnership Board.	OHAC	2022-2023 extended to 2024	AMBER	Chief Officers' Report 2021-22 was reported to the Orkney Partnership Board in December 2022. Others still pending.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
	Present the 2022-23 Chief Officers' Group Annual Report to the IJB, the Council, the Board of NHS Orkney, the Scottish Police Authority and the Orkney Community Planning Partnership Board.	OHAC	2023-2024	GREEN	
	Refresher risk management training.	NSI	2023-2024	GREEN	Aiming to deliver in Q4 2023-2024.
	Develop a financial services risk register.	ESR	2023-2024	GREEN	Will be progressed in 2023-2024.
	Update / develop directorate and service risk registers.	All services	2023-2024	GREEN	
F2. Managing performance.	Investigate options for Performance Management System for Ferries.	ESR	2022-2023	BLUE	Performance management reporting in place for Orkney Ferries.
	Publish annual reports for The Orkney Partnership for 2020-21 and 2021-22.	SPBS	2022-2023	BLUE	Both reports have been completed and published on the Partnership's website.
	Review and update of performance framework, and pilot in SPBS.	SPBS	2023-2024	GREEN	

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
	Complete implementation of the new performance framework across the Council.	SPBS	2023-2024	GREEN	
F3. Robust internal control.	Complete the review of the New Horizon system, supported by the Improvement Support Team.	NSI	2022-2023 extended to 2024	AMBER	Work underway, supported by the Business Improvement Team in SPBS
F4. Managing data.	A review of the Council's Records Retention Schedule is due to be completed in March 2024.	SPBS	2023-2024	GREEN	
	Upgrade Integra accounting system to Centros.	ESR	2023-2024	GREEN	In progress for completion in 2023-24.
F5. Strong public financial management.	Medium–Long Term financial strategy.	ESR	2023-2024	GREEN	MTFS will be reported to P&R Committee in June 2023.
	Complete summarised Corporate Improvement Agenda including anticipated benefits and outcomes.	SPBS	2023-2024	GREEN	
G1. Implementing good practice in transparency.	Council Plan – develop a summarised “plan on a page”.	SPBS	2023-2024	GREEN	

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2023.
G2. Implementing good practices in reporting.	Complete the development and commissioning of Engage Orkney as a community engagement facility suitable for use by The Orkney Partnership, the Council and other community planning partners.	SPBS	2022-2023	BLUE	The platform being piloted proved unable to meet the Council's requirements and the project has been closed off. Consideration of alternatives will form part of the Community Engagement programme of work planned by SPBS during 2023-24.
	Review and update the Council's Local Code of Corporate Governance.	SPBS	2022-2023	BLUE	The updated LCCG was adopted by the Council on 4 October 2022.
G3. Assurance and effective accountability	None.				