

Minute

Monitoring and Audit Committee

Thursday, 1 April 2021, 10:00.

Microsoft Teams.



Present

Councillors John T Richards, David Dawson, Stephen G Clackson, Andrew Drever, Steven B Heddle, John A R Scott and Heather N Woodbridge.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Gareth Waterson, Head of Finance.
- Gavin Mitchell, Head of Legal Services.
- Karen Greaves, Head of Executive Support.
- Andrew Groundwater, Head of HR and Performance.
- Andrew Paterson, Chief Internal Auditor.

Audit Scotland:

- Gillian Woolman, Audit Director.
- Claire Gardiner, Senior Audit Manager.

Observing

- James Buck, Head of Marine Services and Transportation (for Items 1 to 5.4).
- Peter Diamond, Head of Education (Leisure, Culture and Inclusion).
- Hayley Green, Head of IT and Facilities (for Items 4 to 6).
- Colin Kemp, Corporate Finance Senior Manager (for Items 1 to 5.4).
- Rosemary Colsell, Procurement Manager (for Items 1 to 5.4).
- Shonagh Merriman, Accounting Manager (Corporate Finance) (for Items 1 to 5.4).
- David Hartley, Communications Team Leader.
- Barrie Hamill, Internal Auditor (for Items 1 to 5.4).
- Karen Rorie, Internal Auditor.
- Peter Thomas, Internal Auditor (for Items 1 to 5.4).

Declarations of Interest

- Councillor Stephen G Clackson – Item 3.
- Councillor David Dawson – Item 3.
- Councillor Andrew Drever – Item 3.
- Councillor John T Richards – Item 3.
- Councillor John A R Scott – Item 3.

Chair

- Councillor John T Richards.

1. Form of Voting

The Committee resolved that, should a vote be required in respect of the matters to be considered at this meeting, notwithstanding Standing Order 21.4, the form of voting should be by calling the roll (recorded vote).

2. Disclosure of Exempt Information

The Committee noted the proposal that the public be excluded from the meeting for consideration of Item 5.5, as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

3. Audit Scotland – External Audit Plan

Councillors Stephen G Clackson and Andrew Drever declared non-financial interests in this item, being Council-appointed directors on the Board of Orkney Ferries Limited, but concluded that their interests did not preclude their involvement in the discussion.

Councillors Andrew Drever, 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 Chief Executive, copies of which had been circulated, and after hearing a report from the Audit Director, Audit Scotland, the Committee:

Noted the external audit plan for 2020/21, prepared by Audit Scotland, attached as Appendix 1 to the report by the Chief Executive.

Councillor Steven B Heddle joined the meeting during discussion of this item.

4. Internal Audit Strategy and Plan

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

Resolved to **recommend to the Council** that the Internal Audit Strategy and Plan for 2021/22, attached as Appendix 1 to this Minute, be approved.

5. Internal Audit Reports

5.1. Orkney Harbours Masterplan – Phase 1 – Approval Process

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 approval process for phase 1 of the Orkney Harbours Masterplan.

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 approval process for phase 1 of the Orkney Harbours Masterplan.

On the motion of Councillor Steven B Heddle, seconded by Councillor John A R Scott, 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 not obtained, in that the framework of governance, risk management and control regarding the approval process for phase 1 of the Orkney Harbours Masterplan were not found to be comprehensive and effective in light of the evidence provided.

5.1.4. That the Chief Internal Auditor should submit a further report, to the Monitoring and Audit Committee, clarifying points of detail in relation to the governance process regarding approval of phase 1 of the Orkney Harbours Masterplan raised by members.

5.2. Contract 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 an audit of the procedures and controls in place within the Council relating to contract management.

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 procedures and controls in place within the Council in respect of contract management.

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

5.2.3. 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. United Kingdom Parliamentary Election 2019 – Election Expenses Return

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 procedures and controls relating to the election expenses return for the UK Parliamentary election held in December 2019.

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 procedures and controls in place within the Council in respect of the election expenses return for the UK Parliamentary election held in December 2019.

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. Treasury 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 procedures and controls in place within the Council relating to the operational management of the treasury management function.

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 the procedures and controls in place within the Council in respect of the operational management of the treasury management function.

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. Fraud Investigation

On the motion of Councillor John T Richards, seconded by Councillor David Dawson, the Committee resolved that the public be excluded from the meeting for this part of this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 1 and 14 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

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 investigation into a potential fraud.

5.5.2. The findings contained in the investigation report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to a potential fraud.

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.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

6. Conclusion of Meeting

At 11:34 the Chair declared the meeting concluded.

Signed: J T Richards.