

**Item: 3**

**Monitoring and Audit Committee: 13 November 2025.**

**External Audit Actions - Progress Update.**

**Report by Chief Internal Auditor.**

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## **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 External Audit Actions Progress Report, attached as Appendix 1 to this report, is based on the information contained in the Ideagen system and provides an update on progress with implementing external audit actions.
- 1.3. There are currently four actions which are still progressing, two of which are past the original target date for completion. The table on Page 3 of the report 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, attached as 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 review of actions taken on recommendations made, are referred functions 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.
  - ☐ Improving Population Health.
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 2025

**Final issue date:** 31 October 2025

<b>Distribution list:</b>	<b>Director of Enterprise and Resources</b> <b>Director of Infrastructure and Organisational Development</b> <b>Director of Education, Communities, and Housing</b> <b>Chief Officer, Orkney Health and Social Care Partnership</b>
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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 actions are uploaded to Ideagen, the officers responsible for implementing the audit actions are then required to provide updates on progress. The External Audit report for 2024/25 has still to be finalised, so any recommendations from this report are not included in this update. 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	2	18	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
Infrastructure and Organisational Development (IOD)	2			2	4
Enterprise and Resources (ER)				10	10
Education, Communities and Housing (ECH)			1	5	6
Orkney Health and Social Care Partnership (OHASCP)					
All			1	1	2
<b>Totals</b>	<b>2</b>		<b>2</b>	<b>18</b>	<b>22</b>

## 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 72 of these actions have been completed.

Directorate	Action	Action Status	Due Date
IOD	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	31 March 2016
Latest Update	At the last meeting of the Quarries Working Group it was agreed that a paper to the Corporate Leadership Team was required setting out the situation and seeking guidance as to the best way to take this forward. Due to the lack of resource, however, this paper has not yet been developed. Please note that resource to do this work is unlikely to be found within the very small team any time soon. However, there is confidence that all sites have been made safe and that any future liabilities relate only to the costs of suitable material for reprofiling the areas. Therefore the risk noted above is very low. Where opportunities arise and if we have spare material near to the location of the quarries we will add the material to help with the reprofiling.		
IOD	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.	Red	31 March 2025
Latest Update	<p>External consultants are appointed to support the development of the OIC Climate Work programme including developing indicative Council transition pathways towards net zero. A report on the first stages of the study, reviewing the Council's carbon baseline and inventory scope was received in December 2024 with work ongoing during 2025. This has proven more complex than initially envisaged, due in part to the high level of information and knowledge which has been engaged through the Council team working on the project. The first stage outputs from the Study will be reported to Policy and Resources Committee in November 2025, with the final phase expected to be concluded early 2026. Development of the Climate Strategy will follow this work.</p> <p>The Annual Report for Scottish Government on how the Council is fulfilling its climate change duties was considered at the November 2024 cycle of meetings and work has been undertaken during 2025 to review key indicators and baseline information with a view to ensuring more accurate representation of Council progress for the winter 2025-26 reporting cycle.</p> <p>Finally, there has been substantial work undertaken during 2025 to establish a new Energy Stakeholder Task Group in order to move forward the 52 point Orkney Energy Action Plan which was completed in 2022. The Task Group has now identified 12 priority actions with lead partners to progress these. A report to the CPP Energy Action Group took place on 18 September 2025.</p>		

Directorate	Action	Action Status	Due Date
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	31 March 2026
Latest Update	<p><b>Infrastructure and Organisational Development (IOD) Update:</b> The IOD Directorate Management Team meets monthly to review progress in terms of the implementation of actions agreed in the 24/25 and 25/26 budget and to consider changes to ways of working across all of IOD. When members set the 2025/26 budget they rejected 3 of the proposals submitted, at a cost of £30,000 in total. Consideration of options for the 2026/27 budget round have started.</p> <p><b>Orkney Health and Social Care Partnership Update:</b> The Medium-Term Financial Plan was approved by the Integration Joint Board in July 2025 and is available on the Integration Joint Board webpages. The Financial Recovery Plan was presented to the Integration Joint Board at a Special Meeting in September 2025, where it was agreed the Plan would be brought back to the Board to further enhance the Plan following Members comments. Work has also commenced in developing a Long-Term Financial Plan. The Board works with both NHS Orkney and Orkney Islands Council to meet financial balance.</p>		
ECH	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	31 March 2026
Latest Update	Further to the management restructure, the work of the Community Engagement Project Team will be progressed through the new service area of Active Communities.		