

**Item: 4**

**Monitoring and Audit Committee: 5 June 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 five actions which are still progressing, three of which are 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, 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:**

Andrew Paterson, Chief Internal Auditor, Extension 2107, email [andrew.paterson@orkney.gov.uk](mailto:andrew.paterson@orkney.gov.uk).

### **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:** 13 May 2025

**Final issue date:** 26 May 2025

<b>Distribution list:</b>	<p><b>Corporate Director for Enterprise and Sustainable Regeneration</b></p> <p><b>Corporate Director for Neighbourhood Services and Infrastructure</b></p> <p><b>Corporate Director for Education, Leisure, and Housing</b></p> <p><b>Chief Officer Orkney Health and Care Partnership</b></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 actions are uploaded to Ideagen, the officers responsible for implementing the audit actions are then required to provide updates on progress. The actions from the most recent external audit report have yet to be added to Ideagen so 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
3	0	2	17	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	7	8
Neighbourhood Services and Infrastructure (NS&I)	2			1	3
Enterprise and Sustainable Regeneration (E&SR)	1			8	9
Education Leisure and Housing (ELH)					
Orkney Health and Social Care Partnership (OHASCP)					
All			1	1	2
<b>Totals</b>	<b>3</b>		<b>2</b>	<b>17</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 71 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
<b>Latest Update</b>		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 the Service Manager (Environmental Services) is leaving the Council on 21 April 2025. This paper is unlikely to be developed until replacement is recruited to the position	
2022/23 BV Audit	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.	Red
<b>Latest Update</b>		The Officer Working Group to support strategy development and co-ordination is now up and running with progress being made as planned, through smaller task themed sub-groups. The external consultant to support the development of the OIC Climate Work programme including developing indicative Council transition pathways towards net zero was appointed in August 2024 and work with them continues. A report on the first stages of the study, reviewing the Council's carbon baseline and inventory scope was received in December 2024. A report on Climate Change and Net Zero was considered by the Policy and Resources Committee on 24 September 2024, which included an overview of the Council's developing strategic approach to Climate Change and an updated vision statement for members consideration. The Annual Report for Scottish Government on how the Council is fulfilling its climate change duties was considered by the Policy and Resources Committee in November 2024. Progress has been made with baseline carbon assessment work. This is due for completion in Quarter 3 2025.	
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.	Red
<b>Latest Update</b>		No indication that this public sector statutory override will be removed, therefore not a priority for the team.	

Report	Directorate	Action	Status of Action
2022/23	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
<b>Latest Update</b>		The NSI Directorate Management Team meets monthly to review progress in terms of the implementation of actions agreed in the 2024/25 budget round and to consider changes to ways of working across all of NSI. The Wider DMT met on 13 March 2024 to be briefed on the outcomes of the budget setting process, and to be encouraged to play their part given the challenges ahead. All Heads of Service are also discussing with their Management Teams. Initial thoughts were presented to Elected Members on 25 June 2024 and a further seminar specifically on NSI proposals was held with elected members on 23 September 2024. Feedback from this session was reviewed by Officers and proposals were then brought into the budget setting process as per the corporate timetable. When members set the 2025/26 budget they rejected 3 of the proposals submitted by NSI, at a cost of £30,000 in total. Consideration of options for the 2026/27 budget round will be starting very shortly.	
<b>2022/23 BV Audit</b>	<b>SPBS</b>	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
<b>Latest Update</b>		The Community Engagement Project Team have reviewed progress and an updated delivery plan is being developed and will be finalised after the management restructure.	