

Minute

Monitoring and Audit Committee

Thursday, 10 June 2021, 10:30.

Microsoft Teams.



Present

Councillors John T Richards, David Dawson, Stephen G Clackson, Steven B Heddle 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.
- Lynda Bradford, Head of Health and Community Care (for Items 1 to 4.3).
- Hayley Green, Head of IT and Facilities.
- Andrew Groundwater, Head of HR and Performance.
- Pat Robinson, Chief Finance Officer, Orkney Health and Care (for Items 1 to 4.3).
- Andrew Paterson, Chief Internal Auditor.
- Anna Whelan, Strategy Manager (for Items 1 and 2).

Audit Scotland:

- Claire Gardiner, Senior Audit Manager.

Observing

- Frances Troup, Head of Community Learning, Leisure and Housing (for Items 1 to 4.4).
- William Moore, Revenues Manager (for Items 1 to 4.6).
- Hazel Flett, Senior Committees Officer.
- David Hartley, Communications Team Leader.
- Shaun Hourston-Wells, Project Manager, Orkney Health and Care (for Items 1 to 4.3).
- Peter Thomas, Internal Auditor.
- Andrew Hamilton, Performance and Best Value Officer.

Apologies

- Councillor Andrew Drever.
- Councillor John A R Scott.

Declarations of Interest

- No declarations of interest were intimated.

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. Local Code of Corporate Governance

Annual Assessment and Improvement Plan

After consideration of a report by the Chief Executive, copies of which had been circulated, and after hearing a report from the Strategy Manager, the Committee:

Noted:

2.1. That the Council's annual self-assessment process against the Local Code of Corporate Governance had been carried out for 2020/21 as 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.

2.2. That the Senior Management Team had undertaken an evaluation of the Council's compliance with the Local Code of Corporate Governance as part of the preparation of the Annual Governance Statement, which formed part of the Statement of Accounts.

2.3. The Improvement Action Plan, attached as Appendix 1 to the report by the Chief Executive, which addressed identified improvements with regard to the Local Code of Corporate Governance.

3. Orkney Integration Joint Board – Internal Audit Reporting Protocol

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

Noted:

3.1. That an Internal Audit Reporting Protocol was in place to enable the sharing of internal audit findings between the Orkney Integration Joint Board, NHS Orkney and the Council where the findings had a wider relevance beyond the organisation that commissioned the audit.

3.2. That the existing Internal Audit Reporting Protocol, approved in 2016, required updating.

3.3. That the revised Orkney Integration Joint Board Internal Audit Reporting Protocol, attached as Appendix 1 to the report by the Chief Internal Auditor, would also be considered by the Orkney Integration Joint Board Audit Committee and NHS Orkney's Audit Committee.

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

3.4. That the Orkney Integration Joint Board Internal Audit Reporting Protocol, attached as Appendix 1 to this Minute, be approved.

3.5. That powers be delegated to the Chief Executive, in consultation with the Chair and Vice Chair of the Monitoring and Audit Committee, to amend the Orkney Integration Joint Board Internal Audit Reporting Protocol, referred to at paragraph 3.4 above, if required, following consideration by the Orkney Integration Joint Board Audit Committee and NHS Orkney's Audit Committee.

4. Internal Audit Reports

4.1. IT Security – Remote Working

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

Noted:

4.1.1. That Internal Audit had undertaken an audit of procedures and controls in place within the Council relating to IT security for remote working.

4.1.2. 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 IT security for remote working.

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

4.1.3. That, having reviewed the audit findings referred to at paragraph 4.1.2 above, assurance was obtained that action had been taken or agreed where necessary.

4.2. Housing Benefit and Council Tax Reduction

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

Noted:

4.2.1. That Internal Audit had undertaken an audit of procedures and controls in place within the Council relating to Housing Benefit and Council Tax Reduction.

4.2.2. 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 Housing Benefit and Council Tax Reduction.

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

4.2.3. That, having reviewed the audit findings referred to at paragraph 4.2.2 above, assurance was obtained that action had been taken or agreed where necessary.

4.3. Carers (Scotland) Act 2016

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

Noted:

4.3.1. That Internal Audit had undertaken an audit on progress made in implementing the requirements of the Carers (Scotland) Act 2016.

4.3.2. The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to progress made in implementing the requirements of the Carers (Scotland) Act 2016

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

4.3.3. That, having reviewed the audit findings referred to at paragraph 4.3.2 above, assurance was obtained that action had been taken or agreed where necessary.

4.4. Flights Analysis

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

Noted:

4.4.1. That Internal Audit had undertaken a review of a report published in June 2018 by the Taxpayers' Alliance entitled Local Authority Flights, based on responses to Freedom of Information requests, sent to all English, Scottish and Welsh local authorities, to provide data relating to flights purchased between 1 January 2015 and February 2018.

4.4.2. The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the review of the report published by the Taxpayers' Alliance entitled Local Authority Flights.

4.5. 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:

4.5.1. That, on 1 April 2021, the Monitoring and Audit Committee considered the findings of an internal audit report relating to the approval process for phase 1 of the Orkney Harbours Masterplan.

4.5.2. That, having reviewed the audit findings, referred to at paragraph 4.5.1 above, the Committee did not obtain the required assurance, in that the framework of governance, risk management and control regarding the approval process of phase 1 of the Orkney Harbours Masterplan were not found to be comprehensive and effective in light of the evidence provided.

4.5.3. That the Committee subsequently requested further information in order to clarify points of detail, in relation to the governance process regarding the approval process of phase 1 of the Orkney Harbours Masterplan, raised by members.

4.5.4. The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, providing further information clarifying points of detail in relation to the governance process regarding approval of the Orkney Harbours Masterplan Phase 1.

On the motion of Councillor Steven B Heddle, seconded by Councillor Stephen G Clackson, the Committee:

Noted:

4.5.5. The internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, providing further information clarifying points of detail in relation to the governance process regarding approval of the Orkney Harbours Masterplan Phase 1.

4.6. Financial Controls

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

Noted:

4.6.1. That Internal Audit had undertaken an audit of procedures and controls in place within the Council relating to financial controls.

4.6.2. 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 financial controls.

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

4.6.3. That, having reviewed the audit findings referred to at paragraph 4.6.2 above, assurance was obtained that action had been taken or agreed where necessary.

4.7. Summary of Small Annual Reviews

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

Noted:

4.7.1. That Internal Audit had undertaken reviews of 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.

4.7.2. 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.

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

4.7.3. That, having reviewed the audit findings referred to at paragraph 4.7.2 above, assurance was obtained that action had been taken or agreed where necessary.

5. Conclusion of Meeting

At 11:26 the Chair declared the meeting concluded.

Signed: J T Richards.



Internal Audit

Orkney Integration Joint Board Internal Audit Reporting Protocol

Draft issue date: 12 May 2021

Final issue date: 19 May 2021

Contents

Introduction	1
Principles IJB Internal Audits.....	1
Principles NHSO and OIC Internal Audits	1

Introduction

The Chief Internal Auditor for Orkney Islands Council (OIC) has been appointed as the Chief Internal Auditor for the Orkney Integration Joint Board (IJB) for a period of five years starting from April 2021. It has been agreed that Azets, as the internal auditor of NHS Orkney (NHSO), will provide support to the IJB Chief Internal Auditor to deliver the Orkney IJB internal audit plan.

There may be a need to share internal audit outputs that have wider relevance beyond the organisation that commissioned the audit. It is important that this sharing of information happens in a controlled manner to facilitate joint working, protect confidentiality and avoid duplication of effort.

This paper sets out a protocol which both sets of internal auditors will operate to with regards to reporting. This is not intended to be an exhaustive list; instead it is intended to set out principles which the internal audit functions will operate to.

Principles IJB Internal Audits

When conducting audits of the IJB, Azets and OIC Internal Audit will not operate to a single methodology. Instead, each respective audit methodology will be used for the audits assigned to either Azets or OIC Internal Audit.

The full final report for each audit assignment will be presented to the IJB Audit Committee for scrutiny purposes. The reports shall be shared with NHSO and OIC Internal Audit.

The Chief Internal Auditor shall prepare an IJB Internal Audit Annual Report and opinion. This report shall be shared with the parent bodies and reported through their own internal audit reporting procedures.

Principles NHSO and OIC Internal Audits

At the beginning of each audit year, and on an ongoing basis, the respective internal auditors will review their audit plans, and any subsequent additions, to identify any audits of the parent bodies (OIC and NHSO) that may be of relevance to the IJB. Those audits will be earmarked and the final reports, or issues from within those reports, may be presented to the IJB Audit Committee.

Once each audit has concluded, if the auditor believes it may impact on the IJB, they will discuss this with the audit sponsor to agree the reporting route.

The final audit reports issued shall follow the normal reporting routes established for internal audit reports within the parent bodies; this shall include being presented to their respective audit committees. The parent body audit committee shall be advised if the report is to be shared with the IJB Audit Committee.

When either an NHSO or OIC final internal audit report has been identified as relevant to the IJB, the full audit report shall be presented at the next meeting of the IJB Audit Committee.

The audit report shall be presented for noting where there are no significant findings contained therein or for scrutiny where there are significant findings.

These reports shall be shared between NHSO and OIC internal audit.