

## **Minute**

### **Monitoring and Audit Committee**

Thursday, 17 November 2022, 10:30.

Council Chamber, Council Offices, School Place, Kirkwall.



### **Present**

Councillors Alexander G Cowie, P Lindsay Hall and W Leslie Manson.

Councillor James W Stockan – who had been invited for Items 1 and 2.

### **Present via remote link (Microsoft Teams)**

Councillors Stephen G Clackson and Mellissa-Louise Thomson.

### **Clerk**

- Sandra Craigie, Committees Officer

### **In Attendance**

- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- Gavin Mitchell, Head of Legal and Governance.
- Erik Knight, Head of Finance.
- Andrew Paterson, Chief Internal Auditor.
- Shonagh Merriman, Service Manager (Corporate Finance) (for Items 1 and 2).
- Peter Thomas, Internal Auditor.

### **Audit Scotland:**

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

### **In Attendance via Remote Link (Microsoft Teams)**

- John W Mundell, Interim Chief Executive.

### **Observing**

- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Alex Rodwell, Head of Improvement and Performance.
- Pat Robinson, Service Manager (Accounting) (for Items 1 and 2).

## **Apologies**

- Councillor John A R Scott.
- Councillor Gillian Skuse.

## **Declarations of Interest**

- No declarations of interest were intimated.

## **Chair**

- Councillor Alexander G Cowie.

## **1. Audit Report to those charged with Governance**

After consideration of a report by the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, and after hearing a report from the Audit Director, Audit Scotland, the Committee:

Noted:

**1.1.** That Audit Scotland, as the Council's external auditor, had concluded its audit of Orkney Islands Council's Financial Statements for the year ended 31 March 2022.

**1.2.** That Audit Scotland had provided an unmodified audit certificate on the Council's Financial Statements for the year ended 31 March 2022.

**1.3.** That the draft audit certificate stated that the financial statements had been properly prepared in accordance with applicable law, accounting standards and other reporting requirements.

**1.4.** That, during the course of the audit, the following material adjustments were made:

- Operational land and buildings held on a Depreciated Replacement Cost accounting basis were revalued up by £52.4M to reflect increased construction costs.
- COVID-19 grants totalling £5.4M, administered by the Council on behalf of the Scottish Government on an agency basis, which had been incorrectly shown as Council expenditure, was corrected but had no impact on the net surplus position.

**1.5.** Audit Scotland's covering letter in respect of the audit of Orkney Islands Council's Annual Accounts for 2021/22, attached as Appendix 1 to the report by the Corporate Director for Enterprise and Sustainable Regeneration, in accordance with the International Standard on Auditing 260.

**1.6.** Orkney Islands Council's Letter of Representation to Audit Scotland in connection with its audit of the financial statements of Orkney Islands Council for the year ended 31 March 2022, attached as Appendix 2 to the report by the Corporate Director for Enterprise and Sustainable Regeneration.

**1.7.** The Annual Audit Report to Members and the Controller of Audit, attached as Appendix 3 to the report by the Corporate Director for Enterprise and Sustainable Regeneration.

## **2. Annual Accounts**

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

Noted:

**2.1.** The requirement, in terms of the Local Authority Accounts (Scotland) Regulations 2014, for a local authority, or a committee of the authority, whose remit included audit or governance functions:

- To consider and approve the audited Annual Accounts for signature no later than 30 September immediately following the financial year to which the accounts relate.
- To publish the accounts on a website by 31 October.

**2.2.** That, in terms of the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2022, the deadline for publication of final accounts could be extended, if required, from 31 October 2022 to 15 December 2022.

**2.3.** That, in order to enable Audit Scotland to manage competing priorities, a revised timetable had been agreed and the signed Annual Accounts, together with an appropriate audit certificate, would be published by 30 November 2022.

The Committee resolved, in terms of delegated powers:

**2.4.** That the Annual Accounts for financial year 2021/22, including the Annual Governance Statement, attached as Appendix 1 to this Minute, be approved.

## **3. Internal Audit Plan – Progress Update**

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 the Internal Audit Plan for 2022/23, as detailed in Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance with regard to delivery of the plan.

## **4. Internal Audit Reports**

### **4.1. Orkney College – Credits**

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 a review of the further education statistical return and supporting systems, known as Credits, at Orkney College in relation to academic year 2021/22.

**4.1.2.** That an audit certificate and an audit report were provided to the Scottish Funding Council to report the findings of the review.

**4.1.3.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the above review.

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

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

## **4.2. Early Learning and Childcare Data Returns**

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 on systems and processes used to produce Early Learning and Childcare returns to Scottish Government and to assess reliability and accuracy of data in the returns.

**4.2.2.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, on systems and processes used to produce Early Learning and Childcare returns to Scottish Government and an assessment of the reliability and accuracy of data in the returns.

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. Electronic Document and Records Management System**

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 of the procedures and controls relating to Stage 1 of the Electronic Document and Records Management System project.

**4.3.2.** The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, concerning procedures and controls relating to Stage 1 of the Electronic Document and Records Management System project.

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.

## **5. Conclusion of Meeting**

At 11:30 the Chair declared the meeting concluded.

Signed: A G Cowie.