



Item: 4

Monitoring and Audit Committee: 4 June 2026.

External Audit Actions – Progress Update.

Report by Chief Internal Auditor.

1. Overview

- 1.1. This report presents progress made to date in completing actions arising from External Audit Annual Audit Reports, for scrutiny.
- 1.2. When the annual external audit report has been finalised, any outstanding 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.
- 1.3. 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.
- 1.4. There are currently three actions which are still progressing, all 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:

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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: 13 May 2026

Final issue date: 29 May 2026

Distribution list:	<p>Director of Enterprise and Resources</p> <p>Director of Infrastructure and Organisational Development</p> <p>Director of Education, Communities and Housing</p> <p>Chief Officer, Orkney Health and Social Care Partnership</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 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	0	19	1

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)	1			3	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
Totals	3			19	22

Actions Breakdown

The table below is an extract from Ideagen and gives further detail of the actions outstanding.

Directorate	Action	Action Status	Due Date
IOD	<p>The council is working on developing the new climate related strategy and associated plans which will then need incorporating into other strategies. Until this is completed there is a risk of the Council plans and strategies not aligned to support the achievement of the climate related objectives and outcomes in a timely manner. 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.</p>	Red	31 March 2025
Latest Update	<p>External consultants were appointed to support the development of the Council’s Climate Work programme including developing indicative Council transition pathways towards net zero. The final phase of work, and Study recommendations were reported to the Council, and approved during Quarter 1 2026. Further 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 reported to Policy and Resources Committee in November 2025. This included revised baseline information for some metrics, drawing from the stage 1 results.</p> <p>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 drafted in 2023. The Task Group has identified 12 priority actions with lead partners to progress these.</p> <p>An update report was presented to the Community Planning Partnership in December 2025, and to the Council’s Climate Change Consultative Group in February 2026.</p> <p>The independent transition (net zero) study was completed and reported to Committee in February 2026. The Council has agreed a target of net zero by 2045 and to progress the highest ambition scenario described in the report (with work progressing for further reports to Policy and Resources Committee in 2026).</p> <p>A Climate Change Vision Statement was approved by the Council as part of the Council Plan:</p>		

Directorate	Action	Action Status	Due Date
	<p>Orkney Islands Council shall be a Net Zero Local Authority, collaborating and innovating for a just transition where Orkney’s economy, communities and natural environment all prosper. We will focus on:</p> <ul style="list-style-type: none"> • Action and Ownership – to understand and reduce our emissions at the earliest opportunities • Collaboration and Co-ordination – across Council services and with partners and the community; • Transparency – in the setting and addressing of our carbon targets; and • Sustainability – building our resilience and adapting to the changing climate. <p>https://www.orkney.gov.uk/your-council/our-future/climate-change/</p> <p>Orkney Islands Council also supports the Community Planning Partnership and their vision</p>		
All	<p>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 term plans to bridge the gap in a sustainable manner</p>	Red	31 March 2026
Latest Update	<p>The Infrastructure and Organisational Development (IOD) Directorate Management Team meets monthly to review progress in terms of the implementation of actions agreed in the 2024/2025, 2025/2026 and 2026/27 budget and to consider changes to ways of working across all of IOD.</p> <p>Orkney Health and Social Care Partnership - The Integration Joint Board approved the Financial Recovery Plan and Budget for 2026/27 in April 2026. It is anticipated that the Medium Term Financial Plan, approved in July 2025, will be reviewed and updated in light of this and will take into consideration the recommendations contained within Audit Scotland's Integration Joint Board Finance and Performance report.</p>		
ECH	<p>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</p>	Red	31 March 2026

Directorate	Action	Action Status	Due Date
	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.		
Latest Update	The service area of Active Communities will review the work and terms of reference for the Community Engagement Project Team once recruitment to various posts concludes.		