

Stephen Brown (Chief Officer)

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Agenda Item: 5

Performance and Audit Committee.

Date of Meeting: 3 December 2025.

Subject: External Audit Actions – Progress Report.

1. Purpose

1.1. To present an update on progress with External Audit actions for Members' scrutiny.

2. Recommendations

The Performance and Audit Committee is invited to scrutinise:

2.1. Progress made, to date, in completing External Audit actions, as detailed in Appendix 1 to this report, in order to obtain assurance that issues found during external audits are being actioned and followed up.

3. Background

3.1. External audit actions are now monitored through the Council's performance management system Ideagen Risk Management and the officers responsible for implementing the audit actions are required to provide updates on progress.

3.2. The report, attached as Appendix 1 to this report, is based on the information contained in the Ideagen system and provides the Performance and Audit Committee with an update on progress with implementing external audit actions.

4. Contribution to quality

Please indicate which of the Orkney Community Plan 2025 to 2030 values are supported in this report adding Yes or No to the relevant area(s):

Resilience: To support and promote our strong communities.	No.
Enterprise: To tackle crosscutting issues such as digital connectivity, transport, housing and fuel poverty.	No.
Equality: To encourage services to provide equal opportunities for everyone.	No.

Fairness: To make sure socio-economic and social factors are balanced.	No.
Innovation: To overcome issues more effectively through partnership working.	No.
Leadership: To involve partners such as community councils, community groups, voluntary groups and individuals in the process.	No.
Sustainability: To make sure economic and environmental factors are balanced.	No.

5. Resource and financial implications

5.1. There are no resource or financial implications associated directly with this report.

6. Risk, equality and climate change implications

6.1. There are no risk, equality or climate change implications associated directly with this report.

7. Direction required

Please indicate if this report requires a direction to be passed to:

NHS Orkney.	No.
Orkney Islands Council.	No.

8. Escalation required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.

9. Author and contact information

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9.2. Andrew Paterson (Chief Internal Auditor), Integration Joint Board. Email: andrew.paterson@orkney.gov.uk, telephone: 01856873535 extension 2107.

10. Supporting documents

10.1. Appendix 1: External Audit Actions Progress Report.



Internal Audit

External Audit Action Progress Report

Issue date: 11 November 2025

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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 external audit reports actions are uploaded to Ideagen, the officers responsible for implementing the actions are then required to provide updates on progress.

This report provides an update on progress with implementing the actions and highlights any actions which are overdue for an update or 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 internal audit actions on Ideagen for each of the categories.

Red	Amber	Green	Blue	Total no of Actions	Update Overdue
2	0	0	3	5	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 that have been completed and reported to the Performance and Audit Committee previously are not included in this report.

The table on the next pages provides detail on the individual actions, owners and target dates as well as the current position with implementation of the actions.

Action detail

External Audit 2020/21

Recommendations	Management Comment	Responsible Officer	Target Date	Current Position
1. A number of the governing documents have not been reviewed since 2018 and are difficult to find on the website. The IJB should ensure that key governance documents are up to date and easily accessible by the public.	There will be a review of documents to ensure they can be easily accessed on the website.	Chief Finance Officer.	31 January 2022.	Complete.

External Audit 2021/22

Recommendations	Management Comment	Responsible Officer	Target Date	Current Position
<p>1. The four year Medium term Financial Plan identified a cumulative funding gap of between £0.6 million to £7.9 million based on different assumed scenarios. There are no proposed actions included in the plan and the IJB is yet to develop savings options.</p> <p>The IJB should consider developing savings options over the short to medium term to bridge the identified funding gaps.</p>	<p>There are ongoing discussions on how to ensure that services can be delivered within the available financial envelope.</p> <p>Ongoing work with Heads of Service and Financial Sustainability Office. These plans will be detailed within future iteration of Medium Term Financial Plan.</p>	Chief Finance Officer.	31 December 2022.	Complete.

External Audit 2022/23

Recommendations		Management Comment	Responsible Officer	Target Date	Current Position
1. The latest Medium Term Financial Plan relates to the period from 2022 to 2025 and has not been rolled forward into the current year. We recommend that the MTFP is rolled forward on an annual basis.		Agreed. The Medium Term Financial Plan will be rolled forward on an annual basis and reported to the Board.	Chief Finance Officer.	31 March 2024.	Complete.
2. The Medium Term Financial Plan is limited to three years and does not include any financial forecasts to cover a longer term period. The Plan should also seek to provide a longer term projection of the Board's future budget position for the next 10 years. This will allow longer term risks and issues to be identified. Although it is clear that the further away the current date that projections go the less certain the projections become, they will nevertheless allow the Board to consider longer term views and adoptions.		We recommend that longer term forecasts/plans should also be developed.	Chief Finance Officer.	31 March 2024.	Ongoing.
		Update: Work on the Long Term Financial Plan has not commenced as anticipated due to prioritisation of developing and enhancing the Financial Recovery Plan. The development of the Long Term Financial Plan will commence following the new temporary Chief Finance Officer taking up post in December.			

External Audit 2023/24

Recommendations		Management Comment	Responsible Officer	Target Date	Current Position
<p>1. The 2024/25 budget was approved by the Board on 19 June 2024. We note that delayed approval of the budget has resulted in the Board operating without an approved budget for a period of more than two months after the start of the relevant financial year. Furthermore, there is a risk in relation to inability to achieve balance in the short term based on the approved budget, keeping in view the actual outturn for 2023/24. A draft recovery plan was presented to the Board dated 19 June 2024. We understand that the recovery plan has not yet been approved and is fundamental to achievement of balance in the short and medium term.</p> <p>We recommend the implementation of a recovery plan to ensure achievement of short and medium term financial balance.</p> <p>We further recommend timely approval of the budget ahead of the start of the relevant financial year.</p>		<p>An updated recovery plan will be presented to the IJB in November 2024. There are plans to ensure the budget for 2025/26 is approved by the board before the start of the financial year.</p>	Chief Finance Officer.	31 March 2025	Ongoing.
		<p>Update: The Financial Recovery Plan was presented at a Special Meeting of the Integration Joint Board. Following discussion, it was agreed to bring this back to a future meeting to enhance the Plan following Members' comments.</p>			