

Minute

Monitoring and Audit Committee

Thursday, 5 June 2025, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors P Lindsay Hall, Gillian Skuse, Stephen G Clackson, W Leslie Manson, James R Moar, John A R Scott and Mellissa-Louise Thomson.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Gareth Waterson, Director of Enterprise and Resources.
- James Wylie, Director of Education, Communities and Housing.
- Peter Diamond, Head of Education (for Items 1 to 7).
- Erik Knight, Head of Finance.
- Alex Rodwell, Head of Improvement and Business Support.
- Gavin Mitchell, Head of Corporate Governance.
- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Kenny MacPherson, Head of Property and Asset Management.
- Andrew Paterson, Chief Internal Auditor.
- Hanna Gray, Trainee Internal Auditor.

Observing

- Craig Walker, Service Manager (Human Resources Operations).

Declaration of Interest

- Councillor Gillian Skuse – Item 3.

Chair

- Councillor P Lindsay Hall.

1. Local Code of Corporate Governance

Self-Assessment and Action Plan

After consideration of a report by the Director of Education, Communities and Housing, copies of which had been circulated, and after hearing a report from the Head of Improvement and Business Support, the Committee:

Noted:

1.1. That the Council's self-assessment for 2024-25 against the Local Code of Corporate Governance had been completed.

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

1.2. That the updated Local Code of Corporate Governance Improvement Action Plan, attached as Appendix 1 to this Minute, be approved.

2. External Audit Actions – 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 actions arising from External Audit Annual Audit Reports, as detailed in Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance that issues identified during external audits were being actioned and followed up.

3. Internal Audit Actions – Progress Update

Councillor Gillian Skuse declared an interest in this item, in that she was the Chief Executive Officer of Age Scotland Orkney, which was an organisation that was directly referenced in one of the Internal Audit Actions, and was not present during discussion thereof.

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 Internal Audit actions, as detailed in Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance that issues found during internal audits were being actioned and followed up.

4. Internal Audit – Evie Community School

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

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to administrative procedures and controls operating within Evie Community School, and obtained assurance that action had been taken or agreed where necessary.

5. Internal Audit – Firth Primary School

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

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to administrative procedures and controls operating within Firth Primary School, and obtained assurance that action had been taken or agreed where necessary.

6. Internal Audit – Sickness Absence Management

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

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the processes and controls around Sickness Absence Management, and obtained assurance that action had been taken or agreed where necessary.

7. Internal Audit – Stock Checks

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

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the accuracy and completeness of stock counts and valuations, and the security and condition of stock held by the Council, and obtained assurance that action had been taken or agreed where necessary.

8. Internal Audit – Payroll

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

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the processes and controls in place to ensure that the financial record of salaries, wages and deductions were accurate, and that staff were paid the correct amount at the right time, and obtained assurance that action had been taken or agreed where necessary.

9. Conclusion of Meeting

At 15:21 the Chair declared the meeting concluded.

Signed: P Lindsay Hall.

Local Code of Corporate Governance: Improvement Action Plan

Directorates

SPBS – Strategy, Performance and Business Solutions.

ESR – Enterprise and Sustainable Regeneration.

ELH – Education, Leisure and Housing.

NSI – Neighbourhood Services and Infrastructure.

OHAC – Orkney Health and Care.

RAGB status

RED – Stalled or cancelled.

AMBER – In progress but behind schedule.

GREEN – In progress and on schedule.

BLUE – Complete.

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
A1. Behaving with integrity.	Embed staff values within HR/OD processes.	SPBS (HR & OD)	March 2028	BLUE	Action closed as review of staff values will now be included in a review of the People Plan.
	Embed staff values into recruitment and selection, as well as a range of hybrid working policies	SPBS (HR & OD)	2025-2026	BLUE	Action closed as a review of staff values will now be included in a review of the People Plan.
	Review Council Standing Orders	SPBS (Legal & Governance)	2025-2026	GREEN	Work is underway to review the Standing Orders.

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Rework financial regulations.	ESR	2023-2025	BLUE	Completed.
	Medium–Long Term financial strategy.	ESR	2025-2026	AMBER	Medium term (five year) financial strategy completed in June 2023 with an update planned for June 2024 but now planned for 2025-26.
A2. Demonstrating strong commitment to ethical values.	Terms and Conditions for our services	ESR	2025-2026	GREEN	
	Artificial Intelligence (AI) Governance policy document, which will include considerations around the ethical use of AI	SPBS (Improvement and Performance)	2025-2026	GREEN	

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
A3. Respecting the rule of law.	Review the Council's RIPSA policies and procedures.	SPBS (Legal and Governance)	2025-2026	GREEN	These will be reviewed in 2025-2026 in accordance with the requirement for annual review prescribed by the Scottish Government.
B1. Openness.	Publish the 2024-2025 Annual Procurement Report	SPBS (Legal and Governance)	2025-2026	GREEN	Work is underway to produce this report.
	Publish the 2024-2025 Annual Complaints Handling Report	SPBS (Legal and Governance)	2025-2026	GREEN	Work is underway to produce this report.
	Review guidance on Members' expenses.	SPBS (Improvement and Performance)	2025-2026	GREEN	
	Revised Political Engagement Policy	SPBS (Improvement and Performance)	2025-2026	GREEN	

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Establishment of Harbours User Group	ESR	2025-2026	GREEN	Stromness Harbour User Group has met on two occasions.
	Upload Finance Service information to Council's intranet.	ESR	2025-2026	GREEN	
	Carry out customer satisfaction survey.	ELH	2025-2026	GREEN	
	Carry out stock survey.	ELH	2025-2027	GREEN	
B2. Engaging comprehensively with institutional stakeholders.	Prepare a local resilience plan for each island.	NSI/SPBS community council teams.	2023-2025, now extended to 2026	AMBER	Work is underway with no end date yet.

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
B3. Engaging with individual citizens and service users effectively.	Provide training for Elected Members and refresher training for staff in community consultation and engagement. Include case studies and wider thoughts to changing the culture towards community engagement.	SPBS (Improvement and Performance)	2022-23, extended to 2028	AMBER	Training for Elected Members in Effective Scrutiny of Community Consultation and Engagement delivered 9 May 2024. Staff training being delivered via Community Engagement Project Team, still to be rolled out more widely.
	The Council has undertaken a review of its Tenant Participation Strategy, including electronic processes for tenant participation, and will consult during 2022-23.	ELH	2022-2023 extended to 2025	BLUE	Completed.
	Review the Council's Communications and Engagement Strategy and publish an updated strategy in tandem with the Council Plan.	SPBS (Improvement and Performance)	2022-2023 extended to 2024-25	BLUE	Completed. The Council's Communications and Engagement Strategy was recommended for approval by Policy and Resources Committee on 27 November 2024 and approved by Council on 10 December 2024.

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Publication scheme for Freedom of Information	SPBS (Legal and Governance)	2025-2026	BLUE	An updated Publication Scheme was recommended for approval by Policy and Resources Committee on 18 February 2025 and approved by Council on 4 March 2025.
	Explore the development of a modernised suite of community engagement and consultation tools including an online platform.	SPBS (Improvement and Performance)	2023-2024 Project extended to 2026	GREEN	This is being addressed by the multi-agency Community Engagement Project (CEP) which is under way in two phases. Phase 1 is now being implemented while Phase 2 is in its discovery stage. Orkney Matters 2 is the first output to date from the CEP Team.
	Continue the development of a community engagement platform	SPBS (Improvement and Performance)	2023 - 2024	BLUE	This is now part of the CEP as above.
	Budgetary savings consultations.	ESR	2024-2025	BLUE	Consulted with the public and gave feedback to public.

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	The Scottish Approach to Service Design to be spread further across the Council.	SPBS	2023-2025	BLUE	Session delivered at the Leadership Forum on 25 March 2024 and on an ongoing basis with teams as project plans are initiated.
	Budgetary savings consultation.	ESR	2025-2026	GREEN	
	Carry out tenant satisfaction survey.	ELH	2025-2026	GREEN	
C1. Defining outcomes.	Develop new Service Plans for 2023-2026 (now renamed Directorate Delivery Plans).	All Directorates	2022-2024	BLUE	Completed 2024.
	Develop new Orkney Local Development Plan.	NSI	2022-2028	GREEN	In progress. Expecting to publish the proposed plan in January 2026.
	Update Quarries Business Plan.	NSI	2024-2025	BLUE	Completed 2024.
	Develop a new Children's Services Plan for 2023–26.	OHAC	2022-2024	BLUE	Completed.
	Develop a new Local Housing Strategy for 2023–28.	ELH	2022-2024	BLUE	Completed 2024.

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Develop Regional Marine Plan.	NSI	2021-2026	AMBER	Work underway. Due to delay from Scottish Ministers, the plan has not been signed off.
	Develop climate change strategy and action plan.	NSI	2023-2025	AMBER	Work underway and will be reported against the Council Delivery Plan.
	Develop Local Heat and Energy Efficiency Strategy.	NSI	2023-2025	BLUE	Local Heat and Energy Efficiency Strategy for Orkney was recommended for approval by Policy and Resources Committee on 18 February 2025 and approved by Council on 4 March 2025.
	Develop long term financial plan. As A1 – Medium-Long Term Financial Plan.	ESR	2025-2026	AMBER	Medium term (five year) financial strategy completed in June 2023 with an update planned for June 2024 but now planned for 2025-26.
	Mid-term review of Council Plan.	SPBS (Improvement and Performance)	2025-2026	GREEN	

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Develop Physical Activity and Wellbeing Strategy.	ELH	2025-2026	GREEN	
C2. Sustainable economic, social and environmental benefits.	Consideration of the Empowering Communities Small Works plan.	SPBS	2023-2024 extended to 2025	BLUE	Superseded by Wider Review of Empowering Communities.
	Merge Impact Assessments into one template	SPBS (Legal and Governance)	2026-2027	GREEN	
	Integrated waste strategy action plan and climate change action plan	NSI	2025-2026	GREEN	
	Wider Review of Empowering Communities	SPBS (Improvement and Performance)	2025-2026	GREEN	
	Develop Play Park Strategy	ELH	2025-2026	GREEN	
	Establish a tourist visitor levy	ESR	2025-2026	GREEN	Planning underway for public consultation.

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
D1. Determining interventions.	Submit revised Capital Project Appraisal process and new long-term strategic priorities to Council for approval in 2022 – 23.	ESR/ NSI	2022-2023 extended to 2025	BLUE	Capital Strategy and revised Capital Project Appraisal procedures were recommended for approval by Policy and Resources Committee on 27 November 2024 and approved by Council on 10 December 2024.
	Report Writing training.	SPBS (Legal and Governance)	2025-2026	GREEN	Training delivered in December 2024, further sessions planned during 2025.
	Review of Sports and Leisure Service/ service re-design	ELH	2022-2023, extended to 2025-2026	AMBER	This review is in progress.
	Review of Culture Service/ service re-design	ELH	2022-2023, extended to 2025-2026	AMBER	Work is underway, but this is a large task requiring significant resources.

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Implement actions arising from review of senior phase offer.	ELH	2023-2024, extended to 2026-2027	AMBER	In progress, incorporated in the Education Service Improvement Plan 2022-23.
	Implementation of the Public Sector Improvement Framework across the Council.	SPBS (Improvement and Performance)	2023-2028	GREEN	Self-assessment completed during 2024 with the Extended Corporate Leadership Team. Further rollout with individual services planned during the 2026 – 2028 period.
	Review of Broad General Education.	ELH	2025-2026	GREEN	
	Review of Library and archives.	ELH	2023-2024, extended to 2026	AMBER	Internal review to be scheduled due to funding position.
	Corporate asset management plan (CAMP).	NSI	2023-2024, extended to 2026	AMBER	To be progressed during 2025/26

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
D2. Planning interventions.	<p>Locality plans for OHAC are required by statute and will be developed in 2022 – 23.</p> <p>The Strategic Plan Delivery Plan identifies taking forward locality planning through the establishment of locality planning groups for the health and social care partnership, linking with key partners and our community.</p>	OHAC	2022-2023 extended to 2025-26	BLUE	Action closed as this is superseded by our new Strategic Plan which will incorporate the Place Plans being developed with Community Councils.
	All services are developing Service Plans for 2023-26 in tandem with the new Council Plan 2023-28.	All relevant services	2022-2024	BLUE	Directorate Delivery Plans approved during 2023 and 2024.
	Procurement service delivery plan, including action plan	SPBS (Legal and Governance)	2025-2028	BLUE	Completed – Procurement Service Delivery Plan is in place with agreed actions, owners and target dates for completion.
	Mid-term review of Directorate Delivery Plan	ELH	2025-2026	GREEN	

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
D3. Optimising achievement of intended outcomes.	Review and update Efficiency Strategy.	ESR	2022-2024	BLUE	Efficiency Strategy has been subsumed within the budget process and savings process and is now redundant. Table within the Budget Report about saving targets for the next three years serves a similar role.
E1. Developing the entity's capacity.	Implement Planning and Environmental Health workforce plans.	NSI	2022 to end of 2024; extended to 2025	AMBER	Work ongoing, both plans substantially completed.
	Orkney Ferries are planning a cadet training scheme akin to the Merchant Navy.	ESR	2023-2026	BLUE	This scheme is now in progress with a specialist training provider. The apprentice scheme currently has four apprenticeships and is now business as usual.
	Review the People Plan.	SPBS (HR & OD)	2025 – 2026	GREEN	

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
E2. Developing the capability of the entity's leadership and other individuals.	Management and Leadership Development Programme	SPBS (HR & OD)	2025-2026	GREEN	
F1. Managing risk.	Review the Terms of Reference of the Chief Officers' Group with regard to annual reporting and present the COG Annual Report for 2023-24 to the Orkney Partnership Board.	OHAC	2024-25	BLUE	Completed.
	Refresher risk management training.	NSI	2023-2024 Extended to 2025-2026	AMBER	
	Create action plans where appropriate within the service	SPBS (all services)	2025-2026	GREEN	
	Update Directorate and Service Risk Registers.	All	2023-2026	GREEN	Ongoing.

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
F2. Managing performance.	Review and update of performance framework, and pilot in SPBS.	SPBS (Improvement and Performance)	2023-2024 extended to 2026-27	AMBER	Review of framework ongoing.
	Complete implementation of the new performance framework across the Council.	SPBS (Improvement and Performance)	2023-2024 extended to 2026-27	AMBER	Once the Framework is agreed, implementation can be completed.
F3. Robust internal control.	Complete the review of the New Horizon system, supported by the Improvement Support Team. NH is the internal costing system	NSI	2022-2023 extended to 2024	BLUE	Completed.
	Implement the recommended changes of the New Horizon system review	NSI	2024–2026	GREEN	Work underway. Action plans are being developed for the identification of a fleet management system, a job costing system and time sheet system.
	Review of payroll and HR systems.	ESR	2025-2027	GREEN	Work underway on assessing a replacement for the Payroll and HR System.
	Greater automation of IT systems	ELH	2025-2027	GREEN	

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
	Review of Fraud Risk Management processes in light of new legislation.	SPBS (Legal and Governance)	2025-2026	GREEN	Work to review processes is underway.
F4. Managing data.	Compile Data Maturity Plan, setting out interim actions to feed into the Digital and Data Strategy	SPBS (Improvement and Performance)	2025-26	GREEN	
F5. Strong public financial management.	Complete summarised Corporate Improvement Agenda including anticipated benefits and outcomes.	SPBS (Improvement and Performance)	2023-2024 extended to 2025-26	AMBER	Extended to 2025-2026
	Introduce additional functionality to CENTROS to allow improvements in financial reporting, for example the Capital Monitoring Process.	ESR	2025-2026	GREEN	
G1. Implementing good practice in transparency.	Review of frequent FOI requests and consider additions to the Publication Scheme administered by Corporate Governance.	NSI	2025-2026	GREEN	

Sub-principle.	Planned updates and identified improvements.	Responsible Directorate as of 31 March 2025	Timescale	RAGB status.	Progress as of 31 March 2025.
G2. Implementing good practices in reporting.	None required.				
G3. Assurance and effective accountability	None required.				