

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Executive

Audit and Performance Review Committee: 8 September 2010

Subject: Internal Audit Action Plans issued during the period from 15 March to 14 July 2010 and Review of Progress in Actioning Recommendations Contained Within Internal Audit and External Audit Reports

1. Purpose

- 1.1** To present to the Committee the Internal Audit Section action plans issued to directorates during the period from 15 March to 14 July 2010.
- 1.2** To advise Committee members of the progress being made in actioning recommendations contained within key Internal Audit and External Audit reports which management have committed to implementing.

2. Background

- 2.1** When audit reports are issued by the Internal Audit Section departmental management are provided with an action plan. Copies of the four action plans agreed and issued, during the period from 15 March to 14 July 2010, are contained in Appendix A.
- 2.2** Further information on these audits is provided in Section 3 below.

3. Main Issues

Key points on agreed action plans issued

- 3.1** An outline of the subject matter of the audit work is provided below, along with the key issues which emerged.

Action Plan 1: Civil Contingencies

- 3.2** The audit focussed on the following areas:

- Commitment and Implementation
- Business Impact Analysis
- Civil Contingencies Strategies
- Emergency Response Plans
- Monitoring, Maintaining and Reviewing

3.3 The review highlighted that opportunities exist to enhance the service provided, the most important of which are listed below:

- The Corporate Civil Contingencies Plan has not been approved by Council.
- No Member of Council has been appointed as a Civil Contingencies (“CC”) Champion to ensure there is a strong commitment to CC Planning at top level within the Council.
- The CC Section has no official reporting procedures.
- The results of major CC training exercises are not reported to the Corporate Management Team.
- None of the Council’s Corporate Management Team attends Strathclyde Emergencies Co-ordination Group meetings.
- Relevant staff are not regularly reminded of their CC roles and responsibilities.
- There are no procedures to ensure that personnel changes which affect CC are promptly identified or replacements appointed and trained.
- The CC section has not identified performance standards or targets.

Action Plan 2: Insurances

3.4 The audit focussed on the following areas:

- Risk and Business Continuity
- Policies and Procedures
- Documentation
- Assets, Risks and Liabilities
- Claims
- Contract Tendering
- Information and Communication
- Monitoring and Evaluation

3.5 The review highlighted that opportunities exist to enhance the service provided, the most important of which are listed below:

- The section does not have a detailed procedures manual.
- Other than the statutory performance indicators, there is no performance monitoring in the Insurance Section.
- Other WDC departments do not always respond to requests for claim related reports timeously.

- Five paintings by Scottish Lady Artists and a book are not separately insured and therefore, only have limited insurance cover. In addition, they are not recorded on any WDC inventory.

Action Plan 3: IFRS Arrangements

3.6 The audit focussed on the following areas:

- The project team approach
- Training and guidance
- Compliance with the Code of Practice
- Changes to systems and processes
- IFRS based financial statements
- Reporting and monitoring of implementation
- Risk management of the process

3.7 The review highlighted that opportunities exist to enhance the service provided, the most important of which are listed below:

- The risks associated with IFRS implementation should be recorded on the risk register.
- Progress against the action plan to be formally monitored and reported to the CMT and Audit & Performance Committee regularly.

Action Plan 4: Purchasing Card System

3.8 The audit focussed on the following areas:

- Issuing of Purchase Cards
- Control over card usage
- System users
- Nature and extent of expenditure

3.9 The review highlighted that opportunities exist to strengthen internal controls and enhance the service provided, the most important of which is listed below:

- A review of purchasing cards which are never or infrequently used should be carried out.
- Desktop PCs need to be readily available to all users of purchasing cards.

- Options should be explored to enable all milk ordered for schools with purchasing cards to be ordered and processed via the Purchasing Card System.

Progress on implementation of recommendations

3.10 As per Appendix B (Internal Audit), 26 reports are listed for which progress on 116 individual recommendations have been sought. Departmental management have confirmed that 56 recommendations have been implemented. Of the 60 outstanding actions, 34 have passed their scheduled implementation date.

3.11 As can be seen from Appendix C (External Audit), 4 reports are listed for which progress on 10 individual recommendations has been sought. Departmental management have confirmed that 4 of these recommendations have been implemented. All 6 outstanding actions have passed their scheduled implementation date.

4. People Implications

4.1 There are no personnel issues.

5. Financial Implications

5.1 There are no financial implications.

6. Risk Analysis

6.1 The key areas of work performed by both Internal Audit and External Audit are carried out according to a risk based approach that determines the nature, extent and timing of the required audit assignments.

6.2 In addition, action plans for individual reports tend to prioritise recommendations in terms of how promptly they should be implemented, i.e.:

- High: up to three months
- Medium: between three and six months
- Low: between six months and one year

Therefore, any delay in the implementation of report recommendations may lead to key Council activities being exposed to a greater level of risk.

7. Equalities Impact

7.1 No significant issues are identified at this stage regarding potential equality impact of this report.

8. Conclusions and Recommendations

- 8.1** Four Internal Audit action plans have been issued to management as detailed at Section 3 and Appendix A to this report.
- 8.2** The Committee is asked to note the contents of these reports.

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Date: 12 August 2010

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Appendices: **A** - Agreed Action Plans issued during the period
15 March to 14 July 2010
B - Review of Internal Audit Reports
C - Review of External Audit Reports

Background Papers: Internal Audit Reports
External Audit Reports

Wards Affected: All Wards