

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Audit and Performance Review Committee: 25 September 2013

Subject: Audit Scotland: Review of Governance Arrangements and Main Financial Systems Report – June 2013

1. Purpose

- 1.1** The purpose of this report is to provide Committee for information a report which has been received from our external auditors – Audit Scotland – and to provide information to Members as to management actions implemented following receipt of this report.

2. Recommendations

- 2.1** The Committee is invited to note the report and the progress made to date in relation to the agreed improvement actions.

3. Background

- 3.1** Part of the planned work of Audit Scotland as the Council's external auditors, which was described in their report to this Committee on 27 February 2013, is to produce on an annual basis a report on financial governance. This was called the Internal Controls Management Letter due for delivery on 31 July 2013.
- 3.2** As part of the work required to deliver the Management Letter noted above, the auditors undertook a high level review of the governance arrangements and the main financial systems operated by the Council. The purpose of this review was to evaluate whether the Council have sound governance arrangements in place and whether the key internal controls operating within the main financial systems are adequate.

4. Main Issues

- 4.1** Representation from the Audit Scotland team will be in attendance at the Committee to present the report and to answer questions.
- 4.2** The report states that the auditors are satisfied that the Council has adequate governance arrangements and control operating within the main financial systems. The report does, however identify 13 areas where improvements could be made identifying 14 agreed management actions. These are listed, together with management responses, within the action plans detailed on pages 10 to 14 of the report.
- 4.3** In relation to the management actions agreed with the auditors, 7 were due to be completed by 31 August 2013 and these have been completed on time.

- 4.4** Members will be aware that this is the second such report from the current external auditors, the previous report being reported to this Committee on 29 August 2012. In that report there were 37 improvement actions agreed and the report this year notes that good progress has been made in implementing these actions with 30 completed.

One action from the previous report is regarded by the external auditors as being an ongoing issue – in relation to reducing sickness absence levels. This has not been repeated by the auditors as an action in the new report as the auditors are aware of the Council is taking this issue seriously and there is clear evidence of work underway.

The remaining 6 outstanding actions have been repeated in this new report as actions 1, 2, 4, 6, 9, and 10. Of these actions 1 and 9 have been completed, with the remainder having due dates after the date of this Committee.

5. People Implications

- 5.1** The people issues arising from this report are in relation to implementing improved processes in a number of systems and can be implemented from within existing resources.

6. Financial Implications

- 6.1** There are no financial implications arising from this report.

7. Risk Analysis

- 7.1** Failure to address the recommendations outlined in the report could impact on the final audit opinion awarded to the Council in respect of the audit in future financial years.

8. Equalities Impact Assessment

- 8.1** There are no equalities issues arising from this report.

9. Consultation

- 9.1** The views of Legal Services have been requested on this report and no issues or concerns have been identified.

10. Strategic Assessment

- 10.1** The report is for noting and, therefore, does not directly affect any of the strategic priorities.

Executive Director of Corporate Services

Date: 6 September 2013

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Appendix: Audit Scotland report: *West Dunbartonshire Council
2012/13: Review of Governance Arrangements and Main
Financial Systems Report*

Background Papers: None

Wards Affected: All