

**WEST DUNBARTONSHIRE COUNCIL****Report by Strategic Lead - Resources****Audit Committee: 20 March 2019**

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**Subject: Audit Action Plans****1. Purpose**

**1.1** The purpose of this report is to advise the Committee of:

- Recently issued Internal Audit action plans; and
- Progress made against action plans previously issued contained within Internal Audit and External Audit reports.

**2. Recommendations**

**2.1** It is recommended that Members consider and note the contents of this report.

**3. Background**

**3.1** When audit reports are issued by External and Internal Audit departmental management agree an action plan in relation to issues highlighted by the audit report. Progress on implementing the actions is monitored and reported to the Audit Committee.

**4. Main Issues**Action Plans

**4.1** The Appendices to this report will be run in the days leading up to the committee meeting so as to provide as up to date a position as possible in the progress of actions. Appendix 1 contains Internal Audit action plans recently agreed and issued. Appendix 2 details the outstanding actions on previously issued Internal Audit reports. Appendix 3 details any outstanding actions for External Audit reports, including the Local Scrutiny Plan for 2018/19.

**4.2** To put the action plans into context and highlight the risks being mitigated, a summary for recently issued reports included at Appendix 1 is provided at paragraphs 4.3 and 4.4 which includes a summary of the key findings of each audit.

**4.3** Project 144: Balance Sheet Reconciliations (Suspense Accounts) (Report Issued March 2019)

The audit tested the following areas in relation to:

- The Planning and Control of Balance Sheet Reconciliations, and

- Control & Management of Balance Sheet Suspense Accounts.

The key findings of the audit were:

Areas of good practice:

- The Council has in place an effective Reconciliation & Control team that completes the required reconciliations accurately and in a timely manner.
- Detailed Guidance notes are available to team members outlining the procedures to be followed in the completion of all reconciliations.
- The financial year-end process includes the allocation of qualified financial staff to ensure the accuracy of suspense accounts balances included in the Council's Year-End Balance Sheet.

Areas for improvement:

- Some reconciliation items outstanding for over three months;
- Control sheet confirming Verification of Financial Year End Account Balances not initialled for all balances;
- Posting transactions to 'parked' accounting periods not documented; and
- Rotation of staff required to provide absence cover.

For which the actions identified are intended to mitigate against the risk.

#### **4.4 Project 145: Building Standards (Report Issued March 2019)**

The key purpose of this audit was to consider:

- Policies and Procedures;
- Scale of fees and charges;
- Accounting for income received;
- Evidence to support building warrants, site inspections and completion certificates;
- Interaction with other council services; and
- Performance indicators and statistical returns.

The key findings of the audit were that:

Areas of good practice:

- Presentation of information including fees on the external website for ease of use by applicants.

Areas for improvement:

- All fees were applied as expected including the application of any discounts. Some applications are exempt from fees due to a disability and there wasn't always evidence to support this exemption. The validation process of the applications was tested to ensure that only valid applications were received. In the majority of the cases sampled the application forms were validated as expected.
- It is expected that there would be a three way reconciliation between the fees received, the fees expected as per the application forms and the

financial ledger. The current reconciliation process is not effective and does not include all the reconciliations that would be expected.

- Some application fees are currently treated as prepayments but others are not, there needs to be a consistent approach to the treatment of fees.
- There were numerous findings in relation to the recording of information. There were some instances where the information including fee details was missing. Details of internal transfers were also not always recorded. Not all documents and correspondence had been retained or date stamped resulting in a full document trail not being retained.
- In a lot of instances incorrect dates are being used to calculate the KPIs that are reported to the Scottish Government. In most instances this is because the date the information was reviewed was being used rather than when it was received. In all instances where there was a delay or a KPI was missed the reason given was due to work loads.

The actions identified are required to mitigate risks in relation to:

- Calculation KPIs;
- Reconciliations / use of fee spreadsheet;
- Year-end cut off;
- Use of Comino;
- Use of group work tray; and
- KPIs and Workloads.

**4.5** 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.

**4.6** Recommendations have timescales for completion in line with the following categories:

<b>Category</b>	<b>Expected implementation timescale</b>
<u>High Risk:</u> Material observations requiring immediate action. These require to be added to the department's risk register	Generally, implementation of recommendations should start immediately and be fully completed within three months of action plan being agreed
<u>Medium risk:</u> Significant observations requiring reasonably urgent action.	Generally, complete implementation of recommendations within six months of action plan being agreed
<u>Low risk:</u> Minor observations which require action to improve the efficiency, effectiveness	Generally, complete implementation of

and economy of operations or which otherwise require to be brought to the attention of senior management.	recommendations within twelve months of action plan being agreed
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## **5. People Implications**

**5.1** There are no personnel issues with this report.

## **6. Financial and Procurement Implications**

**6.1** There are neither financial nor procurement implications arising directly from this report.

## **7. Risk Analysis**

**7.1** There is a risk that failure to implement actions within the agreed timescale may result in weaknesses in internal control arrangements remaining unresolved longer than is desirable.

## **8. Equalities Impact Assessment (EIA)**

**8.1** There are no issues.

## **9. Consultation**

**9.1** This report has been subject to consultation with appropriate Strategic Leads. In addition, services have been consulted in the update of action plans.

## **10. Strategic Assessment**

**10.1** This report relates to strong corporate governance.

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**Stephen West**  
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**Date: 14 March 2019**

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**Appendices:** 1 - Internal Audit Reports (Recently Issued)  
2 - Internal Audit Reports (Previously Issued)  
3 - External Audit Reports

**Background Papers:** Internal Audit Reports

## External Audit Reports

**Wards Affected:** All Wards