

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Executive

Audit and Performance Review Committee: 12 October 2011

Subject: Internal Audit Action Plans issued during the period from 15 July to 14 September 2011 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 July to 14 September 2011.
- 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 three action plans agreed and issued, during the period from 15 July to 14 September 2011, 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: Payroll

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

- Use of official documentation
- Appropriate recording of information
- Accurate updating of information on the system

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

- Authorised Signatories (Up to Date List)

- Authorisation of Payroll Amendments

Action Plan 2: Planning Applications

3.4 The audit focussed on the following areas:

- Receipt & Processing of Applications
- Receipt & processing of Income
- Reconciliations
- Processing of Refunds
- Appeals

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

- Validation Letters
- Authorisation of Refunds
- Reconciliations

Action Plan 3: Saffron System Audit (Scott-Moncrieff)

3.6 The audit focussed on the following modules currently in use:

- Repairs and maintenance
- Rents/Sundry debtors
- Needs and allocations
- Service charges/sundry debtors
- Factoring

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

- Third Party Access
- Continuity Planning
- Disaster Recovery
- Audit Logs

NB. Scott-Moncrieff Grading Structure:

Grade	Definition
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- 5 Very high risk exposure – Major concerns requiring immediate Board attention.
- 4 High risk exposure - Absence/failure of significant key controls.
- 3 Moderate risk exposure – Not all key control procedures are working effectively.
- 2 Limited risk exposure – Minor control procedures are not in place /not working effectively
- 1 Efficiency / housekeeping point.

Progress on implementation of recommendations

- 3.8 Progress on 79 individual recommendations from 24 internal audit reports has been sought. Departmental management have confirmed that 34 recommendations have been implemented. Of the 45 outstanding actions, 21 have passed their scheduled implementation date. Appendix B lists progress on the 45 outstanding actions.
- 3.9 Progress on 28 individual recommendations from 8 external audit reports has been sought. Departmental management have confirmed that 15 of these recommendations have been implemented. Of the 13 outstanding actions 10 have passed their scheduled implementation date. Appendix C lists progress on the 45 outstanding actions.
- 3.10 Recommendations for both Internal Audit and External Audit reports have now been entered on to Covalent, with responsibility for progressing these actions assigned to individual officers. However, Internal Audit are still in discussion with departmental management on agreeing implementation dates recorded in Covalent, particularly for delayed recommendations, and so it has been decided not to submit the detailed Covalent reports to this particular committee meeting. It is anticipated that these anomalies will have been resolved for the next occasion on which progress on audit actions is reported to committee, so that detailed Covalent reports can be presented to Elected Members.

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.:
 - 1/High: up to three months
 - 2/Medium: between three and six months
 - 3/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, Health & Humans Rights Impact Assessment

7.1 There are no issues.

8. Strategic Assessment

8.1 The report relates to fit for purpose services by improving service delivery models for continuous improvement.

9. Conclusions and Recommendations

9.1 Three Internal Audit action plans have been issued to management as detailed at Section 3 and Appendix A to this report.

9.2 The Committee is asked to note the contents of this report.

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Chief Executive

Date: 22 September 2011

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Appendices: **A** - Agreed Action Plans issued during the period 15 July to 14 September 2011
B - Progress on Internal Audit Reports
C - Progress of External Audit Reports

Background Papers: Internal Audit Reports
External Audit Reports

Wards Affected: All Wards