







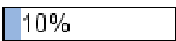
## Appendix C External Audit Reports

Generated on: 11 September 2013










Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed




### Project 11. Review of Governance Arrangements and Main Financial Systems 2011/12





Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<p><u>19. NDR Billing &amp; Collection - Documented Procedures</u> There is no comprehensive procedure manual to support the NDR process.</p> <p><u>Risk:</u> Staff, and staff training, are not adequately supported by documented procedures increasing the risk of processing error.</p>	Full documentation of NDR process will be produced and advised to appropriate employees.			31-Dec-2012	31-Dec-2013	Karen Shannon	Business process/procedures currently in place within this section will be subject to review by the new line manager commencing after year end and as part of this process existing documented procedures in place will be updated accordingly. Any procedures not yet documented will be included in this process.





**Project 13. Annual Report on the 2011/12 Audit**


Risk Identified	Action Status Progress Bar	Original Due Date of Action	Actual Due Date of Action	Sub-Action Code	Planned Management Action	Sub-Action Progress Bar	Sub-Action Status Icon	Sub-Action Due Date	Sub-Action Assigned To	Sub-Action Latest Note
<b>2. Capital Management:</b> Capital slippage has been an area of concern for a number of years with an average of 25.5% per annum since 2007/08. We further note that the Council do not currently have a long term capital plan in place.  <b>Risk: Future capital programmes and associated service improvements may not be delivered in a timely manner. Furthermore projects may not align with available Council resources.</b>		30-Sep-2013	30-Sep-2013	CS/EAAP/090a	HEED has recently generated a procurement programme for HRA Capital projects to generate framework contracts for a range of capital works to support the implementation of works to attain Scottish Housing Quality Standard. This means that if slippage is experienced, then substitute projects can be brought forward, with the aim of ensuring all SHQS works are completed on time overall. The effectiveness of this approach will be monitored and considered by management.			30-Jun-2013	Elaine Melrose	
				CS/EAAP/090b	The HRA has in place an agreed and costed capital investment plan covering the next 25 years. This will remain under review on a regular basis and will feed directly into the revenue planning process for the HRA.			30-Sep-2013	Elaine Melrose; Stephen West	This process is underway and will happen each financial year as part of normal processes to generate the HRA budget for approval. The outcome of the process will be to Council meeting (generally in February each year) when the HRA budget is submitted for agreement in

										setting the rent levels. Work has commenced on the process for setting 2014/15 and as that process will not complete until February 2014 the due date has been updated from the original date of 30 September 2013.
				CS/EAAP/090c	A long term capital plan is under development for General Services spend. This aims to identify scoped demand for investment over the next 10 years, together with more finite plans for the next 3 years. The 10 year plan will link directly to the General Fund revenue plans and the Council's long term financial strategy, and as such will remain under review at regular intervals.	<div><div>100%</div></div>		06-Feb-2013	Elaine Melrose; Stephen West	The Council has recently completed the development of a 10 year capital plan which was approved on 6 February 2013. This plan aligns investment to delivery of strategic priorities and further strengthens the strategic planning and budgeting arrangements through a demonstrable link to revenue support for investment. Integral to the plan are more robust arrangements regarding business planning and performance management to optimise the delivery of projection on time and on budget.
				CS/EAAP/090d	CMT will review the 2012/13	<div><div>100%</div></div>		31-Dec-2012	Stephen West	Options for quick





					capital plan to identify options for maximising in-year spend.					spend were considered by CMT in December 2012
				CS/EAAP/090e	The Strategic Asset Management Group will consider options to generate framework arrangements aligned to the General Services capital works going forward.	<div><div>40%</div></div>		31-Jan-2013	Elaine Melrose; Stephen West	The Strategic Asset Management Group are considering procurement options for each of the capital projects agreed by Council on 6 February 2013. This work will be completed in time to allow appropriate recommendations to be made in reports to relevant committees to approve business cases which remain to be approved.
<b>4. Debt Levels:</b> A comparative review of the draft financial statements of all 32 local authorities highlighted that the Council has some of the highest levels of debt per head of population, as a proportion of fixed assets and as a proportion of net spend.  <b>Risk: Servicing the debt may not represent value for money and may have a</b>	<div><div>66%</div></div>	31-Mar-2013	30-Nov-2013	CS/EAAP/092a	The Council's Treasury Policy is reviewed on an annual basis to ensure that the Council operates within Prudential limits and that the debt repayments are affordable.	<div><div>100%</div></div>		31-Mar-2013	Stephen West	Treasury Strategy and Prudential Indicators for 2013/14 agreed by Council on 27 March 2013.
				CS/EAAP/092b	A financial plan has been developed identifying required rent increases in order to service the debt. This plan will remain under review in order to consider its ongoing affordability.	<div><div>7%</div></div>		30-Sep-2013	Stephen West	This process is underway and will happen each financial year as part of normal processes to generate the HRA budget for approval. The outcome of the process will be to Council meeting (generally in February each year) when the


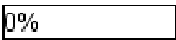

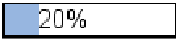
<b>detrimental impact on service delivery.</b>										HRA budget is submitted for agreement in setting the rent levels. Work has commenced on the process for setting 2014/15 and as that process will not complete until February 2014 the due date has been updated from the original date of 30 September 2013.
				CS/EAAP/092c	The General Fund debt includes future payments for PPP schools which a number of other Councils do not have. The cost of servicing these repayments will continue to be planned within the Council's financial strategy. Future options for new capital investment are under consideration in the long term capital plan and means of funding these which minimise effect on the revenue account are under consideration.	<div><div>100%</div></div>		06-Feb-2013	Stephen West	In setting the Council budget for 2013/14 the appropriate PPP costs were budgeted.
<b>5. Financial Pressures:</b> The Council have identified £5.8 million of efficiency savings to help meet the financial challenges brought about by reduced local government settlements. A number of savings options are	<div><div>20%</div></div>	28-Feb-2014	28-Feb-2014	CS/EAAP/093a	A range of options have been developed by the CMT in order to close the identified gap for 2013/14.	<div><div>100%</div></div>		06-Feb-2013	Stephen West	Complete.
				CS/EAAP/093b	Further options will be developed for the remaining gap to 2014/15.	<div><div>0%</div></div>		05-Feb-2014	Stephen West	
				CS/EAAP/093c	There may be options taken which include reducing staffing numbers, however these will only be taken following consideration of	<div><div>0%</div></div>		05-Feb-2014	Stephen West	

<p>dependent on service and job redesign and potential staff reductions if they are to be achieved.</p> <p><b>Risk:</b> <b>Achievement of these targets will present significant challenges to the Council in terms of capacity to deliver services and planned improvements.</b></p>					potential effects on service delivery. Options will include opportunities for service and job redesign efficiencies.					
				CS/EAAP/093d	The ongoing development of the financial strategy will include the effects of planned improvements (e.g. effect of capital investment decisions).	0%		30-Sep-2013	Stephen West	
				CS/EAAP/093e	The CMT and Elected Members will continue to review performance and financial pressures and make decisions about how to manage appropriate service delivery within the confines of the financial pressures.	0%		28-Feb-2014	Stephen West	
<p><b>10. Scottish Housing Quality Standards:</b> The Council have a duty to ensure 100% of housing stock complies with SHQS by 2015. Retention of the housing stock affords greater control over delivery of SHQS but also creates additional financial pressure on the Council.</p> <p><b>Risk: The Council may fail to meet the SHQS 2015 deadline.</b></p>	0%	31-Mar-2015	31-Mar-2015	CS/EAAP/098a	In agreeing to retain the Council's housing stock, members were presented with details as to the level of investment to fund the achievement of SHQS and the expected levels of rent increases required to pay for the borrowing required to fund the improvements. Progress towards achieving SHQS will be monitored by HEED and the Chief Executive.	0%		31-Mar-2015	Elaine Melrose	
				CS/EAAP/098b	In addition the HRA capital plan is aligned to the achievement of SHQS on time and linked to the expected performance improvement arising from the use of flexible framework contracts it is expected that SHQS will be attained on time. The	0%		31-Mar-2015	Elaine Melrose	


					capital planning process will be informed by the outcome from the 100% stock condition survey which was approved by Council in June 2012.					
				CS/EAAP/098c	CMT monitors progress in relation to the capital plan on a regular basis and this is also regularly reported to HEED Committee and Council.	0%		31-Mar-2015	Elaine Melrose	

**Project 14. WDC 2012/13 Review of Governance Arrangements and Main Financial Systems Report. Issued June 2013.**

Recommendation	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Note
<u>4. Trade Payables (Creditors) - Exception Reporting</u> Although there are exception reports produced to monitor high value invoices there is scope to develop exception reporting on outstanding invoices to further enhance control over the trade payables process.  <u>Risk:</u> Payments may be made erroneously and the Council might be subject to adverse publicity due to non-compliance with supplier's payment terms.	Appropriate exception reports will be created and produced on outstanding invoices and monitored on a regular basis.			31-Oct-2013	31-Oct-2013	Arun Menon	Report format being finalised with Finance Agresso system team
<u>5. Trade Receivables (Debtors) - Exception Reporting</u> There are currently no	A suite of appropriate exception reports will be generated and monitored on a regular			31-Oct-2013	31-Oct-2013	Arun Menon	The report is available for departments to run at present. However, a timetable is being worked upon for with

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exception reports produced and reviewed to provide enhanced control over issues such as credit notes and duplicate invoices.  <u>Risk:</u> Payments, via credit notes or refunds, may be made erroneously.	basis.						services by Debtors for distribution of the report and scrutiny of the process.
<u>11. Information Communication Technology - Disaster Recovery Plan</u> The ICT department has recently produced a high level disaster recovery plan however further work is required to complete the supporting documentation which underpins the overall plan.  <u>Risk:</u> The Council might not be able to protect and/or recover their ICT infrastructure in the event of a disaster.	ICT will continue to document and test DR plans for each critical system.			31-Mar-2014	31-Mar-2014	Brian Miller	Aug 13. Development of business critical plans underway.
<u>12. Information Communication Technology - ICT Project Management</u> Although the Council have a project management methodology in place they have recognised that it would benefit from a review and update. We concur there are areas where the methodology could be improved and would welcome a review.  <u>Risk:</u> Projects may not deliver the projected	A review and update of Project Management processes and procedures will be undertaken. This will include defining project scale (small, medium and large projects) and documentation required to each.			31-Dec-2013	31-Dec-2013	Anne McFadden	August 13. Actions progressing and ongoing with several new processes and templates introduced.



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benefits.							
<u>13. Information Communication Technology</u> <u>- Use of unsupported and older software</u> The Council is operating many older versions of the common software applications, for example Office 2000 and Windows XP. Support for Office 2000 was withdrawn in 2009 and support for Windows XP is planned to end in 2014.  <u>Risk:</u> Operating older unsupported versions of software may cause incompatibility issues and result in security weaknesses.	This recommendation will be progressed as part of ICT Modernisation project when a standard operating system and version of desktop tools will be agreed and implemented for locations/services within scope of the project and future projects to extend to additional locations/services.		<div>0%</div>	30-Jun-2014	30-Jun-2014	Patricia Marshall	1 Aug 13. This action will be delivered as part of ICT Modernisation project CS/1314/PAT/018