








Appendix C External Audit Reports

Generated on: 26 February 2014







| 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




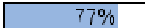



| Recommendation | Agreed Action | Status | Progress Bar | Original Due Date of Action | Actual Due Date of Action | Assigned To | Note |
|---|--|---|--|-----------------------------|---------------------------|---------------|---|
| <u>19. NDR Billing & Collection - Documented Procedures</u> There is no comprehensive procedure manual to support the NDR process. <u>Risk:</u> Staff, and staff training, are not adequately supported by documented procedures increasing the risk of processing error. | Full documentation of NDR process will be produced and advised to appropriate employees. |  |  | 31-Dec-2012 | 30-Apr-2014 | Karen Shannon | Other service priorities took precedent on this action and it was reprioritised in line with the requirements of the service. |

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

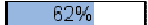


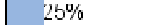

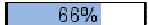


| Recommendation | Agreed Action | Status | Progress Bar | Original Due Date of Action | Actual Due Date of Action | Assigned To | Note |
|---|---|---|--|-----------------------------|---------------------------|---------------|---|
| <p><u>11. Information Communication Technology - Disaster Recovery 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.</p> <p><u>Risk:</u> The Council might not be able to protect and/or recover their ICT infrastructure in the event of a disaster.</p> | ICT will continue to document and test DR plans for each critical system. |  |  | 31-Mar-2014 | 31-Mar-2014 | Brian Miller | Feb 14. PSN security work has impacted the delivery of Council's DR plan as the same pool of resources are needed for both projects. Due to timescales overlapping with ICT Modernisation project and the upgrades to underlying technologies, External Auditor has been asked to consider a review of this action with timescales to align delivery of a DR plan with completion of ICT Modernisation project. |
| <p><u>13. Information Communication Technology - 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.</p> <p><u>Risk:</u> Operating older unsupported versions of software may cause incompatibility issues and result in security weaknesses.</p> | 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. |  |  | 30-Jun-2014 | 30-Jun-2014 | Patricia Kerr | Feb 14. Data gathering and analysis underway supplying information and application usage stats for ICT Modernisation project. This will continue throughout the life of the ICT Modernisation project. Reporting information and procedures contributing to license management audit processes towards FAST (Federation Against Software Theft) accreditation. |


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 |
|---|---|--------------------------------|---------------------------------|--------------------|--|---|---|------------------------|---------------------------|--|
| 4. Debt Levels: 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. Risk: Servicing the debt may not represent value for money and may have a detrimental impact on service delivery. |  | 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. |  |  | 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. |  |  | 30-Sep-2013 | Stephen West | Full review of the plan based on data from the 100% Housing Stock Condition Survey has been delayed - as officers are awaiting final survey outcomes from the surveyors. It is now anticipated that this will be available by 31 March 2014. |
| | | | | 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 |  |  | 06-Feb-2013 | Stephen West | In setting the Council budget for 2013/14 the appropriate PPP costs were budgeted. |

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| | | | | | the revenue account are under consideration. | | | | | |
| <p>10. Scottish Housing Quality Standards: 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>Risk: The Council may fail to meet the SHQS 2015 deadline.</p> |  | 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. |  |  | 31-Mar-2015 | Helen Turley | Reported 77% complete at March 2014 and ahead of target. |
| | | | | 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. |  |  | 31-Mar-2015 | Helen Turley | Stock Condition Survey completed and incorporated into HRA Capital Plan to 6 February 2014 Council. |
| | | | | 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. |  |  | 31-Mar-2015 | Richard Cairns | Reports to SAMG/SMT and then to CMT. |

Project 15. Annual Report on the 2012/13 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 |
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| 4. Financial Pressure: The Council currently has an assumed cumulative funding gap of £21.68 million over the period 2013/14 - 2016/17 and continues to face an increase in demand for services due to the current economic climate and changes in demography. Risk: The Council may not be able to generate efficiencies and savings to bridge the funding gap. |  | 31-Aug-2016 | 31-Aug-2016 | CS/EAAP/117a | The Long Term Financial Strategy going to Council on 30 October 2013 asks CMT to identify efficiencies for forward planning to meet the anticipated gap. |  |  | 30-Oct-2013 | Stephen West | Updated Long Term Financial Strategy provided to and agreed by Council on 30 October 2013. |
| | | | | CS/EAAP/117b | Updates of the Long Term Financial Strategy will be presented to Council on at least an annual basis to update the projections as new information becomes available. |  |  | 31-Aug-2016 | Stephen West | Long Term Financial Strategy provided to Council on 30 October 2013. Further updates will be provided on an ongoing annual basis. |
| 6. Rent Arrears: The Council have the fifth highest gross housing rent arrears as a proportion of HRA dwelling rents in Scotland. This is likely to be further impacted by welfare reform and the rent increases required to fund |  | 04-Feb-2015 | 04-Feb-2015 | CS/EAAP/119a | The position of rent collection will be monitored and reported as part of the regular budgetary control process. |  |  | 30-Nov-2013 | Stephen West | Rent collection is reported to HEED Committee and Council as part of Budgetary Control report on HRA revenue account on a regular basis. The rent collection performance is considered in relation to the income and bad |

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| the capital programme designed to meet the SHQS by 2015. Risk: Escalation of rent arrears may lead to a significant loss of income and jeopardise delivery of the HRA capital programme. | | | | | | | | | | debt provision position. |
| | | | | CS/EAAP/119b | The expected impact of welfare reform will be provided for within new revenue budgets for the HRA | 33% |  | 04-Feb-2015 | Stephen West | Work on producing the HRA budget for 2014/15 and onwards has commenced and is progressing well. This process includes consideration of likely impact of welfare reform on ability to collect rents. This will continue into future years. |