

26 May 2022

Laurence Slavin
Chief Officer – Resources
West Dunbartonshire Council
16 Church Street
Dumbarton
G82 1QL

Dear Laurence,

West Dunbartonshire Council – Interim audit testing 2021/22

1. Audit Scotland’s Code of Audit Practice requires us to assess the systems of internal control put in place by management. In carrying out this work, we seek to gain assurance that West Dunbartonshire Council:

- has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements and the effective management of its assets and interests
- has systems of internal control which provide an adequate means of preventing or detecting material misstatement, error, fraud or corruption
- complies with established policies, procedures, laws and regulation.

Overall summary

2. Overall, we concluded that West Dunbartonshire Council has adequate systems of internal control in place for the key systems used to record, process, and report financial and other relevant data for the financial statements. However, our work identified two issues for management consideration, as detailed at appendix 1. These issues impact on our audit approach and will require us to complete targeted testing to obtain the required assurances for our audit of the 2021/22 financial statements.

System coverage

3. A key focus of our testing was the verification to source documentation of significant income and expenditure transactions (including staff costs) during 2021/22. Work is ongoing in some areas, however we have not identified any issues to report from our testing to date. As testing was performed prior to the 2021/22 financial year end, the need for additional testing will be considered as part of the financial statements audit to ensure sufficient audit coverage for the full year is achieved.

4. During the interim audit we reviewed the key controls in the following systems:

- General Ledger
- Accounts Receivable
- Accounts Payable
- Payroll
- Cash & Bank
- Non-Domestic Rates
- Council Tax
- Housing Benefit

5. This work involved carrying out walkthroughs of the key controls in each system to confirm they were operating as expected. This covered a number of areas including reviewing reconciliation, payroll exception

reporting and changes to supplier bank details. We will use the results of this testing to determine our approach during the 2021/22 financial statements audit.

Risk identification

6. Appendix 1 sets out the issues for management consideration identified from our interim audit work.

7. The issues identified in preparing this management letter are only those which have come to our attention during the course of our normal work and are not necessarily, therefore, all the risk areas that may exist. It remains the responsibility of management to determine the extent of the internal control system appropriate to West Dunbartonshire Council. We would stress, however, that an effective system of internal control is an essential part of the efficient management of any organisation.

Acknowledgement

8. The contents of this letter have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit from staff is gratefully acknowledged.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Gardner', written in a cursive style.

Christopher Gardner
Senior Audit Manager

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Appendix 1

Key audit findings for management consideration

Issue/risk	Management response	Responsible officer and target date
<p>1. Delays in completing and reviewing feeder system reconciliations</p> <p>Last year we reported delays to reviews of feeder system reconciliations. This exercise provides assurance that the data contained within individual accounting systems and the general ledger are in agreement.</p> <p>Our review of a sample of reconciliations for the Housing Benefits, Council Tax and Non-Domestic Rates (NDR) systems found again that some had not been completed within the expected timescale of no later than one month after the period end, or reviewed within one month of completion. We noted improvement in the timeliness of the housing benefit system reconciliations.</p> <p>We will review the year end reconciliations for assurance on the figures in the financial statements.</p> <p>Risk: Potential errors are not identified, investigated and resolved in a timely manner.</p>	<p>Finance will perform a prioritisation review of the work of the Reconciliations team to risk profile the current suite of reconciliations being carried out. This will allow the workload to be rationalised and there to be greater focus on higher risk and higher value reconciliations.</p>	<p>Chief Officer – Resources</p> <p>31 March 2023</p>
<p>2. Delays in removing user access</p> <p>Our review of user access to the general ledger and housing benefit systems found two instances of delays to removing user users once an employee had left the organisation. In one instance, user rights were removed fully almost one month after the staff member left.</p> <p>We are content there is no evidence to suggest any inappropriate user activity took place during this time.</p> <p>Risk: Inappropriate user privileges could result in error or fraud or allow access to sensitive data.</p>	<p>The process to identify and remove users will be assessed to ensure it is robust and officers will be reminded of the need to remove inactive users timeously.</p>	<p>Chief Officer – Resources</p> <p>30 June 2022</p>