

**REPORT TO: SCRUTINY COMMITTEE – 24 JUNE 2015**

**REPORT ON: REVIEW OF PREVIOUS YEARS' EXTERNAL AUDIT REPORT ACTION PLANS**

**REPORT BY: DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 108-2015**

**1 PURPOSE OF REPORT**

To provide elected members with an update on the progress on implementing recommendations from previously agreed external audit reports.

**2 RECOMMENDATIONS**

It is recommended that elected members note the information below and further detailed on Appendix A updating progress on implementing previously agreed recommendations.

**3 FINANCIAL IMPLICATIONS**

None.

**4 MAIN TEXT**

4.1 In November 2005, revised procedures were agreed for dealing with external audit reports, management letters and reviewing previously agreed action plans. These procedures included that the Director of Corporate Services would review agreed action plans regularly to ensure the timeous implementation of previously agreed recommendations. In addition, it was agreed that the Director of Corporate Services would report annually to the Scrutiny Committee on the progress on implementing recommendations.

4.2 The attached Appendix A details the position for each individual report issued by external audit together with further information on the recommendations as follows:

**Column A** details the total number of recommendations that are due for implementation to date. This excludes any recommendations that have already have been reported as being implemented in previous progress reports. These recommendations are then divided into three separate categories (columns b to d)

**Column B** details the total number of the above recommendations (column a) that have now actually been implemented.

**Column C** details the number of recommendations (column a) that are considered no longer applicable e.g. these recommendations may have been superseded by subsequent recommendations in follow up reports.

**Column D** details the total number of recommendations (column a) that are still outstanding to be implemented and the original target date agreed has now passed.

**Column E** details the total number of recommendations that are still outstanding to be addressed although are not yet due for implementation.

4.3 In summary, a total of 12 recommendations were carried forward from the previous progress report (Article VIII of the minute of meeting of the Scrutiny Committee of 25 June 2014, Report No: 194-2014 refers) as being beyond their original target implementation deadline and a further 2 recommendations from previously issued

reports are now also due for implementation. Since the above committee report was issued, external audit have issued their annual report on their audit for the year ended 31 March 2014 that included a further 2 recommendations that were targeted to have been implemented to date. In total, 16 recommendations are therefore considered to have been due to be implemented to date, of which a total of 13 have either been addressed or are no longer considered applicable by the Council. The remaining 3 recommendations have not yet been fully implemented by their original target deadline although overall, significant progress has been made and, where relevant, revised target dates have been set. In addition, a further 1 recommendation is still outstanding although this action has not yet reached the target implementation date. Of the recommendations that have not yet been implemented none require further action or intervention at this time, further progress on these will be reported in due course.

## **5 POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of sustainability, Strategic Environmental Assessment, Anti-Poverty and Equality Impact Assessment and Risk Management.

There are no major issues.

## **6 CONSULTATIONS**

The Chief Executive and Head of Democratic and Legal Services have been consulted on the content of this report.

## **7 BACKGROUND PAPERS**

Audit Scotland & KPMG: External Audit Reports (various)

**MARJORY M STEWART**  
**DIRECTOR OF FINANCE**

**15 JUNE 2015**

**DUNDEE CITY COUNCIL**

**SCRUTINY COMMITTEE - 24 JUNE 2015**

**REVIEW OF PREVIOUS YEARS' EXTERNAL AUDIT REPORT ACTION PLANS**

Report Details	Number of Recommendations					Other Comments
	a) Due to be implemented **	b) Implemented since previous report ***	c) No longer considered applicable	d) Still outstanding to be implemented	e) Due for implementation in the future	
Corporate Governance Review	3	2	1	-	-	<p>This report was issued in September 2011 and included a total of 8 recommendations that were agreed. Of these, a total of 3 were carried forward from the last progress update as outstanding. Since then, the issues relating to procurement (items 5 &amp; 6) have now been addressed. The other action related to the development of the architect fees system (item 3ii). A number of improvements have been made to the professional fees system since the report was issued, although a further review of the billing arrangements will take place as part of a wider review of the departments overall functions under the new departmental structure. It is therefore considered that the original recommendation is no longer applicable. No further action is required at this time.</p> <p>In summary, of the items that were agreed to be actioned, 6 have been implemented (ref action plan 2, 3i, 5, 6, 7 &amp; 8). Action plan item 4, relating to the development of a system to monitor procurement savings, is no longer applicable as this was superseded by a recommendation made in subsequent a external audit report. As highlighted above, item 3ii has also been superseded by other developments since the report was originally issued.</p>
Report to Members on the 2010/11 Audit	2	1	1	-	-	<p>This report was issued in November 2011 and included 8 action points that were agreed to be addressed. Of these, 2 were carried forward from the last progress update as still being outstanding. Since then, a tracking system to monitor procurement savings has now been implemented and therefore this item (ref action plan 5ii) is now complete. The remaining item relates to the implementation of a Corporate Asset Management Strategy. A significant amount of work has been undertaken since this report was issued to develop the various asset plans including Roads Infrastructure, Buildings and Property, Council Housing, Open Space, Vehicle Fleet and Information &amp; Communication Technology. Given the evolving nature of these plans they are continually being reviewed and updated and therefore as an action point this item will never be considered as being fully completed. For the purpose of this report, we would therefore consider the original recommendation as being no longer applicable. Notwithstanding this, the Council recognises the importance of maintaining these plans and we will continue to review these accordingly to ensure that all assets are utilised effectively in the future provision of Council services.</p> <p>In summary, of the items that were agreed to be actioned to date, 7 have therefore been implemented (ref action plan 1, 2, 5i, 5ii, 6, 7 &amp; 8). As highlighted above, item 4 is no longer considered applicable.</p>

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	a) Due to be implemented **	b) Implemented since previous report ***	c) No longer considered applicable	d) Still outstanding to be implemented	e) Due for implementation in the future	
Interim Management Report - Year ended 31 March 2012	3	2	-	1	-	<p>This report was issued in May 2012 and included 12 action points that were agreed to be addressed. Of these, a total of 3 were carried forward from the last progress update as still being outstanding. Since then, the issues relating to procurement (items 5 &amp; 6) have now been addressed. The remaining action outstanding relates to the implementation of a new payroll documentation for new employee starts (item 9). The new start form has been delayed as part of the implementation of 'myjobscotland' whereby the aim will now be to gather as much data on employees at the recruitment stage and then link this to the Resourcelink system. The new arrangements should be implemented once software has been developed to transfer this data.</p> <p>In summary, of the items that were agreed to be actioned, 10 have therefore been implemented (ref action plan 1i, 1ii, 3, 4, 5, 6, 7, 8, 10 &amp; 12). Action plan item 11, relating to systems reconciliations, is no longer applicable as this was superseded by recommendations made in subsequent external audit reports. As highlighted above, item 9 remains outstanding and further progress will be reported on this in due course.</p>
Interim Management Report - Year ended 31 March 2013	1	-	1	-	-	<p>This report was issued in May 2013 and included a total of 5 recommendations that were agreed to be addressed. Only one of these recommendations was still to be implemented when the last progress update was reported. This item related to a review of arrangements for capital budget monitoring (item 2) although this is no longer considered applicable as this has been superseded by recommendations made in a subsequent external audit report (see item 2, Annual Audit Report - Year ended 31 March 2014 for further details).</p> <p>In summary, of the items that were agreed to be actioned, 2 have been implemented (ref action plan 4 &amp; 6). Action plan item 1, relating to the development of a longer-term budget strategy, item 2 relating to a review of the format and content of the capital budget monitoring report and item 3 relating to financial controls are no longer applicable as these have all been superseded by recommendations made in subsequent external audit reports.</p>

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Annual Audit Report - Year ended 31 March 2013	3	2	1	-	-	<p>This report was issued in September 2013 and included a total of 9 recommendations that were agreed to be addressed. Of these, a total of 3 were carried forward from the last progress update as still being outstanding. Since then, a review of scrutiny arrangements was reported to Policy &amp; Resources Committee on 17 November 2014 and items 6 &amp; 7 can therefore now be considered as implemented. In addition, action plan item 1 relating to the implementation of a longer-term financial strategy is no longer applicable as this has been superseded by a recommendation made in a subsequent external audit report (see item 1, Annual Audit Report - Year ended 31 March 2014 for further details).</p> <p>In summary, of the items that were agreed to be actioned to date, 8 have therefore been implemented (ref action plan 2 - 9). As highlighted above, item 1 is no longer considered applicable.</p>
Interim Management Report - Year ended 31 March 2014	2	1	-	1	-	<p>This report was issued in April 2014 and included a total of 3 recommendations that were agreed to be addressed. Of these, a total of 2 were carried forward from the last progress update as still being due for implementation in the future. Since then, the officer's register of interests has now been reviewed and a system implemented to ensure that it is now updated on an annual basis, therefore item 3 can be considered as complete. The outstanding item relates to establishing a corporate framework for undertaking and documenting key reconciliations across the Council (item 1). An exercise has now been completed to gather information on key systems reconciliations and an evaluation of this data will be undertaken as part of the 2015/16 Internal Audit Plan.</p> <p>In summary, of the items that were agreed to be actioned to date, 2 have therefore been implemented (items 2 &amp; 3). As highlighted above, item 1 remains outstanding and further progress will be reported on this in due course.</p>

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Annual Audit Report - Year ended 31 March 2014 *	2	1	-	1	1	This report was issued in September 2014 and included a total of 3 recommendations that were agreed to be addressed. Of the items that were due to be actioned to date, 1 has been implemented (ref action plan 3). This related to the Local Authority Accounts (Scotland) Regulations 2014, these new procedures have been considered as part of the year end preparation process and the appropriate arrangements are in place to adhere to these new regulations. Work on reviewing the format of the capital budget monitoring reports (item 2) is still ongoing as part of the wider review of the Council's governance arrangements around capital projects with a view to implementing changes for the 2015/16 financial year. The remaining item relates to the implementation of a medium term financial strategy (item 1), although this is not due for implementation until September 2015, a review of this is underway and further progress will be reported in due course.
<b>Total</b>	<b>16</b>	<b>9</b>	<b>4</b>	<b>3</b>	<b>1</b>	

\* New reports that have been issued since the previous progress report was submitted to Scrutiny Committee on 25 June 2014 (Report 194-2014 refers).

\*\* Figure provided in column (a) should agree to total of columns (b to d)

\*\*\* Where appropriate, implemented recommendations are subject to continual review and further action is taken as required.