

REPORT TO: SCRUTINY COMMITTEE – 17 APRIL 2013

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

REPORT BY: DIRECTOR OF CORPORATE SERVICES

REPORT NO: 162-2013

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 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 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 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Column C details the number of recommendations (column a) that are considered no longer applicable e.g. these recommendations may have been superseded by subsequent recommendations in follow up reports.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 4 recommendations were carried forward from the previous progress report as being beyond their original target implementation deadline and a further 26 recommendations from previously issued reports are now also due for implementation. Since the last progress report was submitted to the Scrutiny Committee in February 2012, external audit have issued their Report to Members on the 2011/12 Audit, which included a total of 6 recommendations that were targeted to have been implemented to date. In total, 36 recommendations are therefore considered due to have been implemented to date, of which a total of 22 have either been addressed or are no longer considered applicable by the Council. The remaining 14 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 3 recommendations are still outstanding although these actions have not yet reached their 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

04 APRIL 2013

DUNDEE CITY COUNCIL

SCRUTINY COMMITTEE - 17 APRIL 2013

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	
Capital Project Management	1	1	-	-	-	This report was originally issued in September 2008. The item outstanding beyond the originally agreed date (ref action plan 9) related to the clarification of procedures included in the Council's Financial Regulations for monitoring other capital projects. These regulations were updated accordingly and agreed by meeting of City Council on 21 May 2012. No further action is required.
Report to Members on the 2009/10 Audit	2	-	2	-	-	This report was issued on November 2010. The actions carried forward from the previous report related to procurement (ref action plan 6ii & 6iii). These items are no longer considered applicable and have now been superseded by recommendations made in subsequent reports. Further development on Procurement is being undertaken as part 'Procurement Implementation Reform' report agreed by Policy & Resources on 28 January 2013. No further action is required meantime.
Corporate Governance Review	8	4	-	4	-	This report was issued in September 2011 and included a total of 8 recommendations that were agreed to be addressed. Of the items that were due to be actioned to date, 4 have been implemented (ref action plan 2, 3i, 7 & 8). The actions still outstanding relate to architect fees system (ref action plan 3ii) and procurement (ref action plan 4, 5 & 6). A number of improvements have been made to the professional fees system since the report was issued, and this recommendation will not be fully implemented until after the year end process is complete. Work on procurement items is still ongoing as part of procurement reform implementation, the issues highlighted are now expected to be addressed by September 2013. No further action is required at this time and progress will be reported in due course.
Voluntary Early Retirement and Redundancy Schemes	1	1	-	-	-	This report was issued in October 2011. The action point carried forward from the previous report as outstanding related to the teachers 2012/13 VER scheme (ref action plan 1ii). The outcome of this scheme was reported to the Policy & Resources Committee on 26 November 2012. This item is considered as implemented and no further action is required.

DUNDEE CITY COUNCIL

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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	
Report to Members on the 2010/11 Audit	7	5	-	2	1	This report was issued in November 2011 and included 8 action points that were agreed to be addressed. Of the items that were due to be actioned to date, 5 have been implemented (ref action plan 1, 2, 5i, 6 & 7). The actions still outstanding relate to Corporate Asset Management Strategy (ref action plan 4) and procurement (ref action plan 5ii). Roads infrastructure plan is expected to be finalised by April 2013 with Buildings and Property, Vehicle Fleet and Open Space to follow by December 2013. Development of tracking system to monitor procurement savings is still ongoing, and is anticipated to be in place by September 2013. No further action is required at this time, departments continue to monitor these items and progress will be reported in due course.
Interim Management Report - Year ended 31 March 2012	11	5	-	6	1	This report was issued in May 2012 and included 12 action points that were agreed to be addressed. Of the items that were due to be actioned to date, 5 have been implemented (ref action plan 1i, 1ii, 7, 8 & 12). The actions still outstanding relate to sales ledger (item 4), procurement (items 5 & 6), payroll (item 9) and general financial ledger system (items 10 & 11). Authorisation process for sales ledger credit notes (item 4) now expected to be in place by June 2013. Work on procurement items is still ongoing as part of procurement reform implementation, and is expected to be complete by December 2013. CERDMS new employee payroll start form (item 9) has been delayed as a result of creation of new Business Support Section and will not be completed until October 2013. Development work has started for issues raised under financial ledger system (items 10 & 11) but will not be completed until after the year process is completed in June 2013. No further action is required to be taken in respect of these items, revised timescales have been set and these matters continue to be monitored. Further progress will be reported in due course.

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Report to Members on the 2011/12 Audit *	6	4	-	2	1	This report was issued in October 2012 and included a total of 7 action points that were agreed to be addressed. Of the 6 items that were due to be actioned to date, 4 have been implemented (ref action plan 1, 2, 4 & 5). The items outstanding beyond the original implementation date relate to longer term budget planning (ref action plan 3) and training and development for elected members (ref action plan 7). Projections of future years savings targets were included in budget reports this year, although the Council is still considering developing this area further (item 3). The recommended checklist and survey for elected members development (item 7) was circulated to all members in October 2012 and a reminder issued recently to give members a further opportunity to complete this before results are analysed. The revised timescale for completion of this item is now June 2013. No further action is required in respect of the remaining items and progress will be reported in due course.
Total	36	20	2	14	3	

* New reports that have been issued since the previous progress report was submitted to Scrutiny Committee on 15 February 2012 (Report 60-2012 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.