

REPORT TO: SCRUTINY COMMITTEE - 20 OCTOBER 2010

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

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 586-2010

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 with Audit Scotland for dealing with external audit reports, management letters and reviewing previously agreed action plans. These procedures included that the Director of Finance would review agreed action plans regularly to ensure the timeous implementation of previously agreed recommendations. In addition, it was agreed that the Director of Finance would report annually to the Audit & Risk Management Sub-Committee (now Scrutiny Committee) on the progress on implementing recommendations.

4.2 The attached appendix A details the position for each individual report issued by Audit Scotland 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.

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Column C details the number of recommendations that are considered no longer applicable e.g. these recommendations may have been superseded by subsequent recommendations in follow up reports.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 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 10 recommendations were carried forward from the previous progress report as being beyond their original target implementation deadline and a further 10 recommendations from previously issued reports are now also due for implementation. Since the last progress report was submitted to the Audit & Risk Management Sub-Committee in September 2009, Audit Scotland have issued a further 4 reports that include a total of 30 recommendations that were targeted to have been implemented to date. In total, 50 recommendations are therefore considered due to have been implemented to date, of which a total of 35 have either been addressed or are no longer considered applicable by the Council. The remaining 15 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 11 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 Depute Chief Executive (Support Services) have been consulted on the content of this report.

7 **BACKGROUND PAPERS**

Audit Scotland: External Audit Reports (various)

MARJORY M STEWART
DIRECTOR OF FINANCE

11 OCTOBER 2010

DUNDEE CITY COUNCIL

SCRUTINY COMMITTEE - 20 OCTOBER 2010

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	5	4	-	1	5	There were 4 recommendations carried forward as being outstanding and these have all now been fully implemented. The item listed as being still outstanding relates to development of maintenance and investment plans which was originally agreed as being completed by March 2010 (ref action plan 14). Whilst progress has been made these plans are not yet finalised for all properties and work is ongoing. None of the remaining 5 recommendations (ref action plan 7, 8, 9, 12 & 13) are due to be implemented as yet and progress on these areas will be reported in due course.
Report to Members on the 2007/08 Audit	1	1	-	-	1	Outstanding items from previous report related to efficiency agenda and elected members training (ref action plan 5 & 6). Item 6 is now implemented. The target date for implementing item 5 is not until 31 March 2011 although significant progress continues to be made in terms of the level of efficiency savings reported to date and the initiatives that are planned as part of Council's Efficiency programme. No further action is required and progress on remaining item will be reported in due course.
Corporate Governance: Systems Assurance	2	-	-	2	2	This report was issued in June 2009 and included a total of 4 recommendations. The two points outstanding that are due to be implemented relate to procurement and reconciliation of the benefits system (ref action plan 3 & 4). A review of procurement procedures for all departments including authority purchasing system is still ongoing and is now anticipated to be completed by March 2011. The reconciliation of the ledger to the benefits systems has been delayed as the existing system does not have the capacity to do this effectively. The Council's software supplier for these systems has committed to providing these improvements and work is ongoing. Any further progress will be delayed until these improvements are completed. The agreed timescale for implementing remaining items action plan 1 & 2 was 'ongoing', as agreed these items are both being reviewed as necessary on an ongoing basis and no further action is required at this time. Where relevant, further progress will be reported in due course.

DUNDEE CITY COUNCIL

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		b) Implemented since previous report **	c) No longer considered applicable	d) Still outstanding to be implemented		
ICT Review of GVA Property Management System	1	-	1	-	Outstanding recommendation relates to the GVA system recording a complete account of expenditure for the period March 2008 to February 2009 (ref action plan 1). This item is no longer considered applicable as it has been superseded by a subsequent recommendation made in follow-up report (see below Follow-up of Change Management and Application Systems Review).	
ICT Review of Authority Financials System	4	3	1	-	There were 4 recommendations carried forward from the previous report as being not implemented. Of these 3 have now been fully implemented (ref action plan 1, 2 & 4). The remaining item (ref action plan 3i) is no longer considered as applicable as it has been superseded by a subsequent recommendation made in follow-up report (see below Follow-up of Change Management and Application Systems Review).	
ICT Change Management Review	5	5	-	-	There were 5 recommendations carried forward from the previous report and these have now been fully implemented. This is consistent with the findings of follow-up report (see below Follow-up of Change Management and Application Systems Review).	
ICT Review of ResourceLink	2	-	2	-	There were 2 recommendations carried forward from the previous report as being not implemented (ref action plan 1 & 3). Both these items are no longer considered applicable as they have been superseded by a subsequent recommendation made in follow-up report (see below Follow-up of Change Management and Application Systems Review).	
Review of Cash Management *	15	9	-	6	This report was issued in September 2009 and included a total of 15 recommendations that required to be actioned. To date 9 of these points have now been implemented (ref action plan 1i, 1ii, 3i, 4, 6, 9, 10, 11 & 12). The remaining recommendations (ref 3ii, 5, 7, 8, 13 & 14) are being progressed and will be fully implemented by no later than the end of December 2010.	

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		b) Implemented since previous report **	c) No longer considered applicable	d) Still outstanding to be implemented			
Report to Members on the 2008/09 Audit *	4	3	-	1	2	This report was issued in October 2009 and included a total of 6 recommendations and 3 of these have now been addressed (ref action plan 1, 3 & 5). The recommendation still outstanding (ref action plan 2) relates to the completion of an action plan on Cash Management review (see above Cash Management report), which is not anticipated to be complete until December 2010. The remaining recommendations (ref action plan 2 & 6) are not yet due for implementation although these items are being continually reviewed and no further action is required at this time.	
Follow-up of Change Management and Application Systems Review *	6	5	-	1	1	This report was issued in May 2010 and included a total of 6 recommendations that should have been implemented to date. Of these 5 have been completed, the other item (ref action plan 2) has been delayed slightly although this is anticipated to be implemented by the end of December 2010. The remaining action (ref action plan 1) is not yet due until the end of October 2010, however, the Council remain on schedule to achieve this within the originally agreed timeframe.	
CERDMS *	5	1	-	4	-	This report was issued in July 2010 and included a total of 5 recommendations. Of these actions one has now been implemented (ref action plan 2) although it is acknowledged this matter will continue to be monitored on an ongoing basis. Work relating to remaining recommendations is ongoing (ref action plan 1, 3, 4 & 5) and these items are now all likely to be implemented by January 2011.	
Total	50	31	4	15	11		

* New reports that have been issued since the previous progress report was submitted to Audit & Risk Management Sub-Committee on 28 September 2009 (Report 420-2009 refers).

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