

REPORT TO: AUDIT AND RISK MANAGEMENT SUB-COMMITTEE – 29 APRIL 2009

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 74-2009

1.0 PURPOSE OF REPORT

To submit to Members of the Audit and Risk Management Sub-Committee a summary of the Internal Audit Reports finalised since the last Sub-Committee.

2.0 RECOMMENDATIONS

Members of the Sub-Committee are asked to note the information contained within this report.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

4.1. The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. Broadly, on the completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to Management for a formal response and submission of Management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by Management.

4.2. Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Members and Management with key information which includes the reason for undertaking the review, summary financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of Management's response to the audit report. The full reports are available to Members on request.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive and Head of Finance have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None

Sallie Dailly, Chief Internal Auditor

DATE: 16 April 2009

i) INTERNAL AUDIT REPORT 2007/41

Department	Education
Subject	Private Nurseries

Introduction
<p>A review of the Education Department's arrangements with private sector nurseries was part of the planned internal audit work.</p> <p>All children aged 3 and 4 are entitled to 2.5 hours of nursery education per day free of charge. Parents can arrange for their child to attend for extra hours if they wish but a charge is usually levied for this service. Pre-school education is provided by the Education Department within several Council run nurseries which are attached to various schools across the city. In order to meet demand, pre-school education services are also provided by some nurseries in the private sector whom the Council has appointed as Partner Providers.</p> <p>Partner Providers are private nurseries which the Education Department has assessed as having the resources and systems in place to ensure delivery of a quality service and with whom it has entered into a Contract and Service Level Agreement (The Contract). The Contract covers a period of one year and includes details of provision of service, Council support, financial arrangements, inspection and report, notification of placements, child protection, complaints and liaison, disputes and termination of the contract.</p> <p>At the time of the audit review there were twenty one Partner Provider agreements in place with approximately 575 children receiving nursery education from Partner Providers nurseries. Payments are made to the nurseries twice per term and they are required to confirm that funding provided is correct. Budgeted expenditure for 2008/09 for payments to private nurseries is £987,000. As at November 2008 actual expenditure was approximately £533,000.</p>
Scope and Objectives
To examine systems operated by the Education Department in respect of Partner Provider agreements with private nurseries and formally report the findings.
Conclusion
<p><i>The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.</i></p> <p>The main areas commented on in the report are as follows:</p> <ul style="list-style-type: none"> • To improve the quality of information available to parents, consideration should be given to providing fuller details about pre-school education funding and Partner Providers on the Council's website. • To avoid confusion, information requested in The Contract and Service Level Agreement and Annual Statement submitted by Partners should be standardised. • To assist in ensuring that the Department receives all documentation required the Contract should be reviewed and consideration given to including conditions relating to the return of Acceptance of Payment Forms, the requirement to notify the Council when a child's service changes and the submission of birth certificates as evidence of a child's eligibility for funding.
Management Response to the Audit Report
The audit findings and recommendations were formally reported to the Director of Education and appropriate action agreed to address the matters raised.

ii) INTERNAL AUDIT REPORT 2008/02

Department	Finance Revenues
Subject	Council Tax Liability

Introduction
<p>A review of council tax liability was part of the planned internal audit work. Council tax is a local tax set by councils to help cover the cost of providing a wide range of services including education, social work and street cleaning. Finance Revenues staff use a software package, Northgate Revenues and Benefits (SX3), for administering Council Tax.</p> <p>Council tax has a personal element and a property element and properties are banded on the basis of the value of the property relative to other properties in the area. Property bandings are decided by staff within Tayside Valuation Joint Board (TVJB) and any changes to these are notified to Revenues staff on a weekly basis.</p> <p>Council tax is payable on all relevant properties unless the property is exempt. Adults living together may be jointly responsible for payment of council tax due but there is only one bill for each house or dwelling. Bills may be reduced depending on the personal circumstances of the liable parties. There are a number of ways in which citizens are able to pay council tax bills including direct debit, at banks, post offices and various retail outlets, by telephone, in person at designated council offices and via the Council's website. In an effort to improve council tax collection rates there have been various initiatives by Finance Revenues staff to encourage more people to pay by direct debit. In addition, the Council has recently set up a 24 hour payment line through which people can make council tax payments.</p> <p>As at 31 March 2008 there were approximately 72,000 properties in Dundee potentially liable for council tax. Collection rates for council tax for 2007/08 were 92.12%, which represented an increase of 1.42% on the previous year.</p>
Scope and Objectives
<p>Areas covered as part of the review included examination of guidance available to staff, procedures operated in respect of discounts and exemptions, the requirement for taxpayers to notify the Council when discounts are no longer applicable, the adequacy of the appeals process and the arrangements for data security, system security and back-up arrangements.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main area commented upon in the report is as follows:</p> <ul style="list-style-type: none"> In order to ensure that new properties are reflected timeously in the SX3 system, staff should process the information received in the February reports received from TVJB as soon as possible after receipt. In addition, in order to end the need for manual input, the feasibility of an interface between the TVJB system and SX3 should be explored.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Head of hcome and Recovery and appropriate action agreed to address the matters raised.</p>

iii) INTERNAL AUDIT REPORT 2008/05

Department	Environmental Health and Trading Standards
Subject	2007/08 Grant Claim : Local Air Quality Management

Introduction

In the 2006/07 financial year Scottish Ministers offered a grant to Dundee City Council for Air Quality Monitoring Equipment, Emission Inventories and Dispersion Modelling. The grant provision made to the Council for the 2007/08 financial year was £19,200 and the actual expenditure totalled £17,850.

It is a requirement of the Conditions of the Grant that at the end of each financial year, the Council is required "to prepare an account showing the expenses reasonably and properly incurred by it in executing the Project during that financial year and the amount of Grant received by it from the Scottish Ministers under the Agreement". The conditions also state that "such account shall be certified as true and accurate, and where the amount exceeds £10,000 shall be audited, by a member of a recognised accountancy body".

Scope and Objectives

The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.

Conclusion

On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.

iv) INTERNAL AUDIT REPORT 2008/07

Department	Finance Revenues
Subject	Housing Benefit and Council Tax Benefit

Introduction

A review of Housing and Council Tax Benefits was part of the planned audit work.

Tenants who pay rent and are on a low income may be eligible for housing benefit which is paid by local councils. It is not dependent upon the recipient being in receipt of other benefits and in the case of council house tenants is paid directly to the tenant's rent account. Tenants of private landlords submitting applications prior to 7 April 2008 could request the cheque to be sent to them or arrange for the benefit to be paid direct to their landlord. With effect from 7 April 2008, housing benefit for tenants of private landlords has been replaced by the Local Housing Allowance (LHA). All new claims and changes of address after this date have been processed under LHA rules and, in most cases, payments will be made direct to the applicant's bank account by BACS transfer.

Council tax benefit is paid by local councils as a rebate on council tax bills and it may be paid to home owners, those who rent their homes or those who live rent free. Again, it is not dependent upon the recipient being in receipt of other benefits. To be eligible, claimants must be paying council tax and on a low income.

Applications for housing and/or council tax benefit must be made on the appropriate form which should be returned to the Council for processing by staff within the Revenues Division of the Finance Department. As at March 2008 there were approximately 17,000 households in receipt of housing benefit whilst there were approximately 21,400 in receipt of council tax benefit. Associated values for housing benefit and council tax benefit were of the order of £53m and £15m respectively.

Scope and Objectives

The object of this review was to examine the systems operated in respect of processing both housing and council tax benefit applications. Areas examined included the adequacy of guidance and procedures notes for Revenues staff, the quality of evidence provided by claimants confirming their liability, residency and identity, the adequacy of verification of income and rents payable, procedures operated in respect of checks and incomplete claims and the accuracy of benefit awarded.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main area commented upon in the report is as follows:

- In order to maximise the benefit of the Council's website to the general public, Revenues staff should review the information contained and update it where appropriate. In addition, consideration should be given to making benefit application forms available online.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Head of Income and Recovery and appropriate action agreed to address the matters raised.

v) INTERNAL AUDIT REPORT 2008/08

Department	Environmental Health and Trading Standards
Subject	2007/08 Grant Claim : Contaminated Land (Kilspindie Road)

Introduction
<p>In 2007/08 Dundee City Council was awarded a Contaminated Land Grant of £271,000 by the Scottish Executive. This grant was part of the specific project funding for work undertaken at Kilspindie Road. The grant awarded was expended in full.</p> <p>It is a requirement of the terms and conditions of the Grant that a statement of compliance with the conditions is submitted by the local authority to Scottish Ministers.</p>
Scope and Objectives
<p>The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.</p>
Conclusion
<p><i>On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.</i></p>

vi) INTERNAL AUDIT REPORT 2008/09

Department	Environmental Health and Trading Standards
Subject	2007/08 Grant Claim : Contaminated Land

Introduction
<p>In April 2005 Dundee City Council was advised that an allocation of funding for the three year period 2005-06 to 2007-08 inclusive had been granted for capital works associated with the implementation of the statutory contaminated land regime, as set out in Part IIA of the Environmental Protection Act 1990. For the 2007/08 financial year the amount awarded to the Council under this scheme was £142,000. The grant award was expended in full.</p> <p>It is a requirement of the terms and conditions of the Grant that a statement of compliance with the conditions is submitted by the local authority to Scottish Ministers.</p>
Scope and Objectives
<p>The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.</p>
Conclusion
<p><i>On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.</i></p>

vii) INTERNAL AUDIT REPORT 2008/10

Department	Social Work
Subject	Dundee Joint Equipment Service

Introduction
<p>As part of the planned internal audit work for 2008/09 a review of the Dundee Joint Equipment Service (DJES) was carried out. This is a joint venture between Dundee City Council and NHS Tayside and provides a central base for the supply of equipment to assist people with disabilities. Approval for Dundee City Council to establish DJES with NHS Tayside was given by the Social Work Committee in January 2005. The key strategic objectives of DJES include the provision of a single point of access for people of all ages who need modern, appropriate and safe equipment, the provision of impartial advice, more effective use of existing resources, facilitating the care of vulnerable people in their own homes and significantly reducing waiting times for the delivery of equipment for people in the community and those awaiting discharge from hospital.</p> <p>It is recognised that setting up the store has been a challenging project as it was essential that the wide range of equipment for a broad spectrum of clients was available from the outset. Staff process requests received electronically and on paper from both NHS and Social Work employees in the Equipment Loan Management System (ELMS2) and endeavour to have equipment issued to clients as soon as possible after requests are received. Both NHS and Social Work staff meet regularly to identify and resolve any issues arising and management within the Social Work Department are committed to addressing the areas highlighted in this report.</p> <p>Previously Dundee City Council and NHS Tayside had separate budgets for the running of the store but these have been aligned for the 2008/09 financial year onwards. Budgeted expenditure for running the store in 2008/09 is approximately £687,000, of which Dundee City Council will provide 55% with NHS Tayside providing the remaining 45%.</p>
Scope and Objectives
<p>Areas examined included ordering and recording of stock, timeliness of delivery to clients, the use and robustness of the ELMS2 system, the security of stock, and procedures operated in respect of health and safety.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.</i></p> <p>The main areas highlighted in the report are as follows:</p> <ul style="list-style-type: none"> • In order to ensure the integrity of the computerised database and the efficient working of the store the administrator role should be undertaken by a member of staff who is not operational, Ethitec should be requested to address the weaknesses in the ELMS2 system and both NHS staff and Dundee City Council staff should input their requirements directly to ELMS2. • In order to ensure that staff are aware of their responsibilities, guidance notes should be provided/updated for the relevant activities as soon as practicable. • In order to confirm that machines used in the store for cleaning equipment returned by clients are operating effectively, staff should consider arrangements required to provide assurance in this area. • In order to ensure that the information recorded in the ELMS2 system is robust, a stock count of goods held at the Wallacetown satellite store should be undertaken as soon as resources permit and the appropriate adjustments made in the ELMS2 system. In addition, a six monthly stock check should be carried out at the main store.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Director of Social Work and appropriate action agreed to address the vast majority of the matters raised.</p>

viii) INTERNAL AUDIT REPORT 2008/11

Department	Leisure and Communities
Subject	Recruitment and Selection

Introduction
<p>A review of the procedures operating in respect of recruitment and selection within the Leisure and Communities Department was undertaken as part of the planned audit work for 2008/09.</p> <p>The Council has formalised procedures for recruitment and selection to help to ensure that staff involved in the process can be seen to be operating non-discriminatory practices and that they have taken cognisance of the relevant legislation. XPT, a computerised software package, is used in the management of the recruitment process. Potential applicants are attracted using a variety of media including the Council's website and job advertisements in various publications, depending upon the nature of the vacancy being filled, and applicants can submit an application for the post either online or in hard copy. Members of staff who are involved in the Council's recruitment and selection process are required to have completed the in-house training programme.</p> <p>During the 2007/08 financial year, in the region of 100 vacancies were advertised for Leisure and Communities staff, which included permanent, temporary and supply posts.</p>
Scope and Objectives
<p>The overall objective of the review was to examine procedures operating in Leisure and Communities in respect of recruitment and selection and assess if they are in line with the Council's policy and guidance.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main area commented upon in the report is as follows:</p> <ul style="list-style-type: none"> • To ensure consistency in the recruitment and selection procedures adopted across the Department, staff should be reminded of key principles to be followed, in particular the Corporate and departmental requirements relating to the storage and retention of documentation.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Director of Leisure and Communities and appropriate action agreed to address the matters raised.</p>

ix) INTERNAL AUDIT REPORT 2008/12

Department	Corporate Planning
Subject	Fairer Scotland Fund

Introduction

As part of the planned internal audit work a review of procedures operated by the Council in respect of Community Regeneration Fund (CRF) projects was undertaken.

In December 2004, the Scottish Executive established a £318 million Community Regeneration Fund to run for three years to bring improvements to Scotland's most deprived areas and help individuals and families escape poverty. Community Partnerships were required to set out details of the ways in which they intended to use the funding, alongside their own resources, to deliver specific regeneration outcomes through three year Regeneration Outcome Agreements (ROA). Dundee City Council was awarded approximately £17.4m for the three year period 2005/06 to 2007/08 inclusive and the Leisure and Communities Department was responsible for ensuring that appropriate arrangements were in place for managing sums received. There was a requirement for grant claims to periodically be certified by auditors appointed by Audit Scotland at the end of each financial year confirming that the terms and conditions of the grant were adhered to.

CRF has been replaced with the Fairer Scotland Fund (FSF) with effect from 1 April 2008 and it was considered that it may be beneficial to conduct a high level review of the arrangements in place for the Council's management of the Fairer Scotland Fund. The Terms and Conditions set out in the Offer of Grant for the period 2008-2011 place the onus on the Council in a number of key areas and include ensuring that the recipient projects and services have appropriate accountability arrangements in place, adhere to their financial responsibilities and maintain adequate accounts. Corporate Planning staff will be responsible for ensuring adherence to the requirements of the FSF. Funding awarded for the three year period 2008/09 to 2010/11 for the Dundee Partnership is almost £25m with an allocation of £8.441m for the current year.

Scope and Objectives

The overall objective of the review was to examine the systems operating and confirm that staff can provide the assurances necessary for signing off claims for grants awarded by the Scottish Government to the Dundee Partnership to address poverty.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main area commented upon in the report is as follows:

- In order to ensure that staff are able to clearly demonstrate that the terms and conditions of the Fairer Scotland Fund have been fully complied with and thereby provide a basis for any assurances which may be required by internal or external inspections, staff should review the systems operated and confirm that there are appropriate mechanisms in place to facilitate this.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Assistant Chief Executive (Community Planning) and appropriate action agreed to address the matter raised.

x) INTERNAL AUDIT REPORT 2008/13

Department	Leisure and Communities
Subject	Fuel Management (Camperdown Park)

Introduction
<p>A review of the procedures operating in respect of fuel management at Camperdown Park was part of the planned internal audit work.</p> <p>There are two types of fuel, gas oil and diesel, held at this location and the fuel used depends on the type of vehicle. Gas oil, a red diesel, costs significantly less than standard diesel but it is illegal to use this fuel for vehicles other than those stipulated by Her Majesty's Revenue and Customs (HMRC).</p> <p>Both Leisure and Communities and Dundee Contract Services (DCS) staff draw fuel at this location. DCS are subsequently recharged for all fuel used. For the 2008/09 financial year expenditure to the end of February 2009 on fuel at Camperdown Park was of the order of £40,000 of which £15,000 was recharged to DCS resulting in a net expenditure by Leisure and Communities of approximately £25,000.</p>
Scope and Objectives
<p>The overall objective of the review was to examine procedures operating in Leisure and Communities in respect of fuel management at Camperdown Park. Audit fieldwork excluded appraisal of fuel facilities operated at other Council locations.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.</i></p> <p>The main areas highlighted in the report are as follows:</p> <ul style="list-style-type: none"> • To reduce the risk of unauthorised access the Risk and Business Continuity Manager should be contacted to arrange a comprehensive risk assessment of the location. • To improve the management of fuel at this location, the relevant staff should be regularly reminded of the procedures to be followed for withdrawing fuel and stock should be monitored and reconciled to manual records on a weekly basis.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Director of Leisure and Communities and appropriate action agreed to address the matters raised.</p>

xi) INTERNAL AUDIT REPORT 2008/14

Department	Finance
Subject	Payment of Pensions for Former Employees of ex List D Schools

Introduction
<p>Pension payments to former employees of ex List D schools can have funded and unfunded elements. Funded pension is the amount to which the employee is entitled by virtue of his/her contributions to the pension fund. This element depends on length of service and final salary and the cost is borne by Tayside Superannuation Fund. Unfunded pension relates to pension increases and any enhancements which have been provided to staff when the employee retires before 65 e.g. in the case of redundancy. These costs are recoverable from the Scottish Government and Pensions Administration staff invoice the Scottish Government on a regular basis. It is a requirement of the payment for unfunded pensions that the claims are audited annually by the Internal Audit Service at the end of each financial year.</p>
Scope and Objectives
<p>The overall objective of this review is to examine and confirm the accuracy of the information provided by the Pensions Section in support of the claim for payment of pensions for former List D employees in order that the Chief Internal Auditor has the assurance required to validate the claim. Audit fieldwork to be restricted to validity of pensions paid to former employees of List D schools.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that there is a sound system of control designed to achieve the system objectives and that the controls are being consistently applied.</i></p>

xii) INTERNAL AUDIT REPORT 2008/15

Department	Corporate
Subject	2007/08 Statutory Performance Indicators

Introduction
<p>The Local Government Act 1992 requires the Accounts Commission to give such direction as it thinks fit for requiring Councils, Fire and Police Authorities to publish such information relating to their activities in any financial year or such other period as is specified in the direction as will facilitate comparisons of the standards of performance achieved between periods and enable the drawing of conclusions about the discharge of the bodies' functions under Part 2 (Community Planning) of the Local Government in Scotland Act 2003.</p> <p>The Statutory Performance Indicators (SPIs) to be reported upon are reviewed annually by the Accounts Commission and as a result of this exercise new SPIs may be introduced. In addition, for existing SPIs, the definitions may be unaltered, changed, simplified or SPIs may be deemed to be transitional ie they do not meet the selection criteria but have been retained for other reasons.</p> <p>SPIs cover a broad spectrum of services such as respite care, school occupancy, council tax collection and planning applications and Dundee City Council's are compiled at a departmental level. At the request of the Council's External Auditor, Audit Scotland, a review of 2007/08 Accounts Commission Indicators being returned by Dundee City Council was undertaken. This work was to assist the Council's External Auditor who has a duty per the Local Government (Scotland) Act 1973 (as inserted by section 3 (2) of the Local Government Act 1992) "to be satisfied that the council has made such arrangements for collecting, recording, and publishing performance data as are required to ensure that, as far as practicable, everything published is accurate and complete".</p>
Scope and Objectives
To review and provide an opinion on the accuracy of Statutory Performance Indicators being returned by Dundee City Council for 2007/08.
Conclusion
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main area commented upon in the report are as follows:</p> <ul style="list-style-type: none"> To assist the Council to fulfil its statutory obligations, departments should be reminded that they must have adequate systems in place to enable them to compile and submit accurate SPIs. This should include forward planning to ensure that there are appropriate arrangements in place where there have been changes in staff compiling SPIs, in systems providing the source data or in Accounts Commission requirements in terms of SPIs to be submitted.
Management Response to the Audit Report
The audit findings and recommendations were formally reported to the Chief Accountant and appropriate action agreed to address the matters raised.

xiii) INTERNAL AUDIT REPORT 2008/16

Department	Economic Development
Subject	Statutory Performance Indicator CM8 – Asset Management

Introduction
<p>The Local Government Act 1992 requires the Accounts Commission to give such direction as it thinks fit for requiring Councils, Fire and Police Authorities to publish such information relating to their activities in any financial year or such other period as is specified in the direction as will facilitate comparisons of the standards of performance achieved between periods and enable the drawing of conclusions about the discharge of the bodies' functions under Part 2 (Community Planning) of the Local Government in Scotland Act 2003.</p> <p>The Statutory Performance Indicators (SPIs) to be reported upon are reviewed annually by the Accounts Commission and as a result of this exercise new SPIs may be introduced. In addition, for existing SPIs, the definitions may be unaltered, changed, simplified or SPIs may be deemed to be transitional ie they do not meet the selection criteria but have been retained for other reasons.</p> <p>SPIs cover a broad spectrum of services such as respite care, school occupancy, and council tax collection. One of the indicators relates to asset management and this was deemed unreliable in 2006/07. The Council's External Auditor, Audit Scotland, requested that a review of the 2007/08 Indicator for this area was undertaken by Internal Audit to assist them fulfil the duty set out per the Local Government (Scotland) Act 1973 (as inserted by section 3 (2) of the Local Government Act 1992) "to be satisfied that the council has made such arrangements for collecting, recording, and publishing performance data as are required to ensure that, as far as practicable, everything published is accurate and complete".</p>
Scope and Objectives
To review and provide an opinion on the accuracy of Statutory Performance Indicator CM8 - Asset Management being returned by Dundee City Council for 2007/08.
Conclusion
<p><i>The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.</i></p> <p>The main area highlighted in the report is as follows:</p> <ul style="list-style-type: none"> To ensure that this SPI is deemed reliable for 2008/09, the procedures used for compiling it should be reviewed and revised where necessary to ensure that they are adequate. Staff should take cognisance of the additional principles provided by staff in Audit Scotland for deciding whether or not buildings are included and retain all supporting documentation.
Management Response to the Audit Report
The audit findings and recommendations were formally reported to the Director of Economic Development and appropriate action agreed to address the specific matter raised.

xiv) INTERNAL AUDIT REPORT 2008/17

Department	Planning and Transportation
Subject	2007/08 Grant Claim: Cycling Walking and Safer Streets

Introduction
<p>In the 2007/08 financial year Scottish Ministers offered specific grant assistance to Dundee City Council to be used for the development of local cycling, walking and safer street projects. The grant provision made to the Council for financial year 2007/08 was £249,000 and the actual expenditure was in line with the amount awarded.</p> <p>It is a requirement of the Conditions of Grant that the "Council shall by the 30 June in the financial year following receipt of any grant submit to Scottish Ministers a statement of compliance with the grant conditions signed by the Head of Internal Audit".</p>
Scope and Objectives
<p>The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above subject had been spent in accordance with the related Terms and Conditions.</p>
Conclusion
<p><i>On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.</i></p>

xv) INTERNAL AUDIT REPORT 2008/18

Department	Planning and Transportation
Subject	2007/08 Grant Claim: Demand Responsive Transport Project

Introduction
<p>For the 2007/08 financial year a grant of £103,000 was offered to Dundee City Council by Scottish Ministers under the powers conferred by Section 70 of the Transport (Scotland) Act 2001. The purpose of the grant was to assist the Council to continue to operate a demand responsive transport project. The actual expenditure for 2007/08 was broadly in line with the grant provision.</p> <p>Under the conditions of grant there is a requirement that "The Council shall by 30 June in each of the financial years for which the grant is received, submit to Scottish Ministers an audit certificate showing actual expenditure met from the grant paid to the Council."</p>
Scope and Objectives
<p>The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.</p>
Conclusion
<p><i>On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.</i></p>

xvi) INTERNAL AUDIT REPORT 2008/19

Department	Planning and Transportation
Subject	2007/08 Grant Claim: 20mph Speed Limits Around Schools/Safer Routes to Schools/Development of Home Zones

Introduction
<p>In the 2007/08 financial year Scottish Ministers offered specific grant assistance to Dundee City Council to enable the Council to pay for in whole or in part the capital costs incurred in work associated with the establishment of 20 mph speed limits around schools, safer routes to schools schemes and home zones. The grant provision made to the Council for 2007/08 was £317,000 and the actual expenditure was in line with this provision.</p> <p>It is a requirement of the Conditions of Grant that “the Local Authority shall by 30 June in each Financial Year submit to the Grantor an audit certificate signed by the head of its Internal Audit team (or equivalent).....showing actual expenditure met from the Grant paid to the Local Authority within the preceding Financial Year”.</p>
Scope and Objectives
<p>The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.</p>
Conclusion
<p><i>On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.</i></p>

xvii) INTERNAL AUDIT REPORT 2008/21

Department	Corporate
Subject	Corporate Overtime Guidelines

Introduction
<p>A review of the Corporate Overtime Guidelines and associated procedures was undertaken as part of the planned internal audit work.</p> <p>Best practice dictates that organisations should have policies in place covering key activities in order to provide guidance to staff when undertaking particular activities. In line with this, the Personnel Department has issued policies and guidance covering a wide area of subject matter including recruitment and selection, sickness absence monitoring and overtime working. Such policies and procedures assist in ensuring that practices operated within all departments of the Council are uniform and of an acceptable standard. Appropriate training is provided where required.</p> <p>Whilst Dundee City Council's strategy is that departments should strive to minimise overtime working where possible, it is recognised that there may be a requirement for some overtime to be undertaken depending on the nature of the service being delivered. In order to ensure that staff are aware of their responsibilities in respect of overtime working, the Personnel Department issued the Corporate Overtime Guidelines (the Guidelines) to departments in March 2006 detailing procedures to be followed. This document sets out the Council's requirements in relation to approval of claims, the hours for which overtime is payable, the rates at which it is payable, the form to be used and maintenance of an authorised signatory list. The policy assists in ensuring that all employees are treated equitably and that there are robust controls in place to mitigate any potential errors.</p>
Scope and Objectives
<p>The overall objective of this review was to review the Corporate Overtime Guidelines and associated procedures and formally report the findings.</p>
Conclusion
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main areas commented upon in the report are as follows:</p> <ul style="list-style-type: none"> • To ensure that the Guidelines reflect current working practices and uniformity in procedures on overtime operated across the Council, the Guidelines should be reviewed and updated to reflect the changes arising with effect from April 2008, where appropriate. Thereafter, consideration should be given to including the document on the Council's intranet where it would be readily accessible to all. • To ensure that departments are adhering to the Guidelines, the relevant staff within departments should be advised that they should compile/update and maintain a list of authorised signatories and that the Corporate Overtime Form should be used for all overtime claims. If the form requires to be modified for any reason, approval must be sought from the Payroll Manager.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Chief Exchequer Officer and Head of Personnel and appropriate action agreed to address the matters raised.</p>