

REPORT TO: AUDIT AND RISK MANAGEMENT SUB-COMMITTEE 18 JUNE 2007

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 351-2007

1. 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. RECOMMENDATIONS

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

3. FINANCIAL IMPLICATIONS

None

4. SUSTAINABILITY POLICY IMPLICATIONS

None

5. EQUAL OPPORTUNITIES IMPLICATIONS

None

6. MAIN TEXT

- 6.1. 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.
- 6.2. Executive Summaries for the reviews which have been finalised in terms of paragraph 6.1 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.

7. CONSULTATION

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

8. BACKGROUND PAPERS

None

CHIEF INTERNAL AUDITOR

06 June 2007

i) INTERNAL AUDIT REPORT 2006/12

Department	Education
Subject	Claverhouse Store

Introduction

As part of the planned audit work, a review of the Education Department's Claverhouse Store was carried out.

The store is used by the PPP project team to store excess furniture and equipment from the schools in the PPP project and is located in the goods area of the building which was formerly the TDI factory in the Claverhouse West Industrial Park. At the time of audit fieldwork, only half of the storage area was allocated to the Education Department and archives from the libraries and art galleries were also stored in this area. Most of the furniture and equipment held within the store was from Brackens Primary School and Claypotts Castle Primary School, which was formed from the merger of Douglas and Powrie Primaries. There were some items from Ardler and St Fergus Primaries, as staff and pupils from Brackens Primary are currently sharing accommodation with these two schools, and also from Ardler Social Work and Sidlaw View Primary School. Within the store, there is an area for furniture scheduled to be sent to Dovetail Enterprises for refurbishment and there were some samples of furniture from suppliers. The Facilities Co-ordinator for the Dundee Schools PPP Project Team is responsible for the equipment and furniture in the store and has drawn up an inventory of these items.

Scope and Objectives

The objective of the audit was to provide an opinion on the adequacy of the systems and controls which underpin the stock held at this location. Consideration was also given to the adequacy of the procedures to accommodate removal and storage of furniture etc from schools undergoing refurbishment programmes and whether or not there are adequate arrangements being made to underpin interim/year-end stock checks.

Conclusion

The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.

The main areas highlighted in the report are as follows:

- To ensure that furniture and equipment belonging to the Education Department are stored securely when not in use by schools, the adequacy of the storage facilities should be reviewed.
- To ensure the security of equipment in transit, staff should adhere to best practice. Appropriate records should be maintained to enable the whereabouts of items to be readily established and regular, independent stock checks of items in storage should be undertaken to verify the stock held and check the condition of the items.

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 specific issues raised.

ii) INTERNAL AUDIT REPORT 2006/37

Department	Finance
Subject	Council Tax Recoveries and Enforcement

Introduction

As part of the planned audit work for 2006/07 a review of Council Tax Recoveries and Enforcement was carried out.

Council Tax is a property tax with a personal element and a property element, each accounting for 50% of the full charge and is based on 2 adults living in the home. In order to improve the collection rate of Council Tax and Community Charge, a new debt recovery initiative was implemented in 2004. The objectives were to improve in-year collection of Council Tax to 90% by 31 March 2008, maintain individual debtor interaction and improve payer and debtor experience.

The new debt recovery system went live in July 2004 and in the region of £8.6m has been collected through the system since its introduction. As at September 2006 there were approximately 132,250 accounts in the debt recovery system with associated outstanding debts of amounting to £36.8m. Benefits arising from the implementation of the system include an increased in-year Council Tax collection rate, 90.7% in 2005/06 from 86.2% in 2003/04, and a much more efficient system for managing client debt.

Scope and Objectives

The objective of the assignment was to review the systems operated in respect of Council Tax Recovery and Enforcement. This included, guidance issued to staff, the adequacy of segregation of duties, the security of data, procedures operated in respect of reminders and arrangements to pay and procedures operated in respect of issuing Statutory Demands and sequestering individuals.

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 areas commented upon in the report are as follows:

- To ensure that staff are aware of the current policies for Council Tax recovery, the guidance manual should be reviewed and updated where appropriate.
- To ensure that all relevant information regarding debtor's circumstances and action taken is documented, debtors' information sheets should be completed prior to entering into arrangements and fuller use should be made of the notepad facility within the debt recovery system.

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 specific issues raised.

iii) INTERNAL AUDIT REPORT 2006/39

Department	Finance
Subject	Corporate Governance

Introduction

As part of the planned internal audit work a review of arrangements for Corporate Governance within Dundee City Council was undertaken.

The CIPFA/SOLACE document Corporate Governance in Local Government – A Keystone for Community Governance: Framework was published in 2001 and outlines best practice for establishing a locally adopted Code of Corporate Governance. It is due to be replaced in Spring 2007 by Good Governance in Local Government: A Framework. Standing Order No.71 of Dundee City Council states that "The Council shall operate in accordance with the principles of the CIPFA/SOLACE Framework in Local Government"

The CIPFA/SOLACE publication defines the principles that underpin good governance as openness and inclusivity, integrity and accountability. These should be reflected in the different dimensions of a local authority's business. Consequently the Local Code identifies five key dimensions, namely community focus, service delivery arrangements, structures and processes, risk management and internal control, and standards of conduct.

The Local Code for Dundee City Council was approved at a meeting of the Policy & Resources Committee on 13 May 2002. It was recently revised and an update on the progress made by the Council towards meeting the requirements of the Code was submitted to the Policy and Resources Committee on 12 June 2006.

Scope and Objectives

The objectives of the review were to assess the arrangements in place to ensure effective Corporate Governance within Dundee City Council and give an opinion on the adequacy of the source documents, processes and other means used to demonstrate compliance with the CIPFA/SOLACE Guidance. The arrangements for ensuring that the Local Code is up-to-date were also considered.

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:

- To strengthen the Council's existing Corporate Governance arrangements, consideration should be given to the formation of a formal Corporate Governance working group which should amend working practices in line with Good Governance in Local Government: A Framework, due to be issued in Spring 2007. This will assist the Council in ensuring that its Corporate Governance arrangements reflect the most recent guidance on best practice.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Depute Chief Executive (Finance) and appropriate action agreed to address the specific issues raised.

iv) INTERNAL AUDIT REPORT 2006/40

Department	Finance
Subject	Insurance, Common Good and Charitable Trust Funds

Introduction

As part of the planned internal audit work a review of the arrangements for the investment of monies for the Insurance Fund, Common Good Fund and Charitable Trusts was carried out.

Approximate sums invested in the temporary loans fund at March 2006 were as follows: Insurance Fund, £5.24m, Common Good Fund £2.80m and Charitable Trusts £1.60m. There is also £1.13m held on deposit with a Building Society for one of the Charitable Trusts. The Insurance Fund and Common Good Fund have shares which had market values of approximately £603,000 and £514,000 respectively at March 2006. There is no formal management of share investments although NCL Smith & Williamson provide bi-annual statements and brokerage services when required.

There are over thirty Charitable Trusts managed by Dundee City Council, some of which were set up during the 19th century and are dormant. The winding up of some of these charities has previously been considered but this was found to be a complex process. However, the Charities Accounts (Scotland) Regulations 2006 which became effective on 17 May 2006 requires the preparation of simplified accounts for Charities with a gross income of less than £100,000. Consequently, a small working party of Finance and Legal staff is examining the various Charitable Trusts with a view to exploring the possibility of winding some of them up or rationalising them into generic groupings.

Legal staff within Support Services are of the opinion that the Insurance Fund and Common Good Fund are Trusts under Scots Law.

Scope and Objectives

The overall aim of the review was to obtain assurance that the arrangements for the investment of monies for the Insurance Fund, Common Good Fund, and Charitable Trusts are adequate. Areas examined during the audit include the current arrangements for the investing of funds, any current contracts in place with external parties involved in the management of funds, procedures for appointing external parties, arrangements for ensuring that funds are invested in accordance with statutory requirements, reviewing any performance targets, reconciliation procedures and arrangements in place for cash transfers.

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 are as follows:

- In order to ensure that Insurance Fund, Common Good Fund and Charitable Trusts monies held by the Council are invested appropriately, staff should prepare formal strategy policies which clearly define the acceptable level of risk and suitable investment options for each of the Funds and the Charitable Trusts. Until such times as the investment strategies are agreed, the performance of shares currently included in portfolios should be monitored on a regular basis and changes made to the portfolio as required.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Head of Finance and appropriate action agreed to address the specific issues raised.

v) INTERNAL AUDIT REPORT 2006/41

Department	Environmental Health and Trading Standards
Subject	2005/06 Grant Claim : Contaminated Land

Introduction

In April 2005 Dundee City Council were 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 2005/06 financial year the amount awarded to the Council under this scheme was £142,000.

It is a requirement of the Conditions of the Grant that "at the end of each Financial Year the Grantee shall prepare an account showing all expenditure incurred by the Grantee in connection with the Project during that Financial Year. Such account shall be audited and certified as true and accurate by a member of the Institute of Chartered Accountants in Scotland or any other equivalent body as may be approved by the Scottish Ministers and a copy of the external auditors' report shall be submitted to the Scottish Ministers no later than 30 November in each year following completion of the audit".

Scope and Objectives

The overall aim of this review was to enable the Chief Internal Auditor to provide an opinion as to whether the grant funding received in respect of the above project has been spent in accordance with the terms and conditions under which the claim for grant is made.

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.

vi) INTERNAL AUDIT REPORT 2006/42

Department	Corporate
Subject	Freedom of Information

Introduction

As part of the planned audit work for 2006/07, a review of the procedures operated within Dundee City Council to ensure compliance with the requirements of the Freedom of Information (Scotland) Act 2002 (FOISA) was carried out.

Previously the Council provided information to the public on a business-as-usual basis and many requests continue to be processed in this way. However, from 1 January 2005, FOISA gave members of the public new legal rights to see recorded information held by Scottish public authorities, although some information is exempt. Authorities are required to produce a Publication Scheme detailing the information they routinely publish and Dundee City Council's is available on the Council website.

Within the Council, requests for information are channelled through a team established to co-ordinate the administration of Freedom of Information requests and to arrange training for staff, although this is only part of their duties. Departmental staff assist in the compilation of information but all responses are issued by the Legal Manager. Between January 2005 and the end of November 2006, 1014 requests were logged on the database established to facilitate administration of the scheme. Of the requests completed within this period, approximately 78% were dealt with in the 20 working days allowed under the legislation, with 93% being completed in 25 days. There is an appeals procedure for requests for information which have been refused. At the time of audit fieldwork, only 2 appeals to the Office of the Scottish Information Commissioner had been successful.

There has been no additional funding from the Scottish Office for this initiative. Authorities can charge the individual or organisation requesting information but only a percentage of the costs can be recovered. There is no charge where the cost to the authority is under £100 and requests which would cost more than £600 to process can be refused. Only one fees notice which had not been paid had been issued by the Council at the time of audit fieldwork.

Scope and Objectives

The objective of the audit was to give an opinion on the procedures operated within the Council to ensure awareness/compliance with the requirements of the Freedom of Information Act. Areas considered included the extent of training of staff, arrangements to ensure that FOISA requests are answered within the due time period and procedures operated where there is a refusal to provide information requested. Situations where the individual successfully appealed to the Information Commissioner and where charges were issued for FOISA requests were also considered.

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 areas commented upon in the report are as follows:

- To ensure that the information provided is up-to-date, the Publication Scheme should be reviewed at regular intervals.
- To ensure accurate reporting of statistics, the anomalies noted in the database should be corrected. Consideration should also be given to the submission of an annual report to committee on Freedom of Information activities within the Council.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Depute Chief Executive (Support Services) and appropriate action agreed to address the specific issues raised.

vii) INTERNAL AUDIT REPORT 2006/43

Department	Leisure and Communities
Subject	2006/07 Statutory Performance Indicators (Museums)

Introduction

As part of the planned internal audit work a review of the systems in place for compilation of 2006/07 Statutory Performance Indicators (SPIs) was undertaken.

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.

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. 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.

Audit fieldwork concentrated on the 2006/07 Indicators which are new or changed. Consequently, procedures relating to the compilation of Cultural and Community Services Indicator 3 which is changed in 2006/07, were examined to ensure that appropriate systems are in place. This Indicator is compiled by the Leisure and Communities Department and relates to Museum Services.

Scope and Objectives

The objective of the audit was to ensure that there are systems in place for compilation of indicators which were either new or had been changed for 2006/07. Procedures relating to the compilation of indicators which had not been changed were not examined.

Conclusion

On the basis of examining the procedures and data used in the compilation of this Statutory Performance Indicator, obtaining explanations and carrying out such tests as deemed necessary, it is considered that improvements require to be made to the systems currently used to ensure that the Statutory Performance Indicator(s) can be compiled in line with the guidance issued by the Accounts Commission.

The main area which require to be addressed are as follows:

- In order to ensure that this Indicator can be compiled successfully in future years, appropriate systems should be put in place which will allow capture and collation of the relevant data within designated timescales.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Leisure and Communities and appropriate action agreed to address the specific issues raised.

viii) INTERNAL AUDIT REPORT 2006/44

Department	Leisure and Communities
Subject	2006/07 Statutory Performance Indicators (Libraries)

Introduction

As part of the planned internal audit work a review of the systems in place for compilation of 2006/07 Statutory Performance Indicators (SPIs) was undertaken.

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.

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. 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.

Audit fieldwork concentrated on the 2006/07 Indicators which are new or changed. Consequently procedures relating to the compilation of Cultural and Community Services Indicator 5, Library Usage, which is changed in 2006/07, were examined to ensure that appropriate systems are in place. This SPI is compiled by the Leisure and Communities Department.

Scope and Objectives

The objective of the audit was to ensure that there are systems in place for compilation of indicators which were either new or had been changed for 2006/07. Procedures relating to the compilation of indicators which had not been changed were not examined.

Conclusion

On the basis of examining the procedures and data used, and obtaining explanations and carrying out such tests as deemed necessary, it is considered that appropriate systems are in place to ensure that the Statutory Performance Indicator can be compiled in line with the guidance issued by the Accounts Commission.

ix) INTERNAL AUDIT REPORT 2006/45

Department	Economic Development
Subject	2006/07 Statutory Performance Indicators

Introduction

As part of the planned internal audit work a review of the systems in place for compilation of 2006/07 Statutory Performance Indicators (SPIs) was undertaken.

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.

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. 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.

Audit fieldwork concentrated on the 2006/07 Indicators which are new or changed. Consequently procedures relating to the compilation of Corporate Management Indicator 8, which is new in 2006/07, were examined to ensure that appropriate systems are in place. This SPI is compiled by the Economic Development Department and relates to the condition and suitability of operational accommodation.

Scope and Objectives

The objective of the audit was to ensure that there are systems in place for compilation of indicators which were either new or had been changed for 2006/07. Procedures relating to the compilation of indicators which had not been changed were not examined.

Conclusion

On the basis of examining the procedures and data used, and obtaining explanations and carrying out such tests as deemed necessary, it is considered that appropriate systems are in place to ensure that the Statutory Performance Indicator can be compiled in line with the guidance issued by the Accounts Commission.

x) INTERNAL AUDIT REPORT 2006/46

Department	Social Work
Subject	2006/07 Statutory Performance Indicators

Introduction

As part of the planned internal audit work a review of the systems in place for compilation of 2006/07 Statutory Performance Indicators (SPIs) was undertaken.

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.

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. 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.

Audit fieldwork concentrated on the 2006/07 Indicators which are new or changed. Consequently procedures relating to the compilation of Education and Children's Services Indicator 6, Academic Achievement, which is changed in 2006/07, were examined to ensure that appropriate systems are in place. This SPI is compiled by the Social Work Department and relates to the number and percentage of young people ceasing to be looked after, who achieved SCQF level 3 or better in English and Maths or other subjects.

Scope and Objectives

The objective of the audit was to ensure that there are systems in place for compilation of indicators which were either new or had been changed for 2006/07. Procedures relating to the compilation of indicators which had not been changed were not examined.

Conclusion

On the basis of examining the procedures and data used, and obtaining explanations and carrying out such tests as deemed necessary, it is considered that appropriate systems are in place to ensure that the Statutory Performance indicator can be compiled in line with the guidance issued by the Accounts Commission.

xi) INTERNAL AUDIT REPORT 2006/47

Department	Housing
Subject	2006/07 Statutory Performance Indicators

Introduction

As part of the planned internal audit work a review of the systems in place for compilation of 2006/07 Statutory Performance Indicators (SPIs) was undertaken.

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.

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. 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.

Audit fieldwork concentrated on the 2006/07 Indicators which are new or changed. Consequently procedures relating to the compilation of Housing Indicator 4 which is changed in 06/07 were examined to ensure that appropriate systems are in place. This SPI is compiled by the Housing Department and relates to rent management.

Scope and Objectives

The objective of the audit was to ensure that there are systems in place for compilation of indicators which were either new or had been changed for 2006/07. Procedures relating to the compilation of indicators which had not been changed were not examined.

Conclusion

On the basis of examining the procedures and data used, and obtaining explanations and carrying out such tests as deemed necessary, it is considered that appropriate systems are in place to ensure that the Statutory Performance Indicator can be compiled in line with the guidance issued by the Accounts Commission.

xii) INTERNAL AUDIT REPORT 2006/48

Department	Waste Management
Subject	2006/07 Statutory Performance Indicators

Introduction

As part of the planned internal audit work a review of the systems in place for compilation of 2006/07 Statutory Performance Indicators (SPIs) was undertaken.

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.

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. 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.

Audit fieldwork concentrated on the 2006/07 Indicators which are new or changed. Consequently procedures relating to the compilation of Waste Management Indicator 5, Abandoned Vehicles, which is new in 2006/07, were examined to ensure that appropriate systems are in place. This SPI is compiled by the Waste Management Department.

Scope and Objectives

The objective of the audit was to ensure that there are systems in place for the compilation of indicators which were either new or had been changed for 2006/07. Procedures relating to the compilation of indicators which had not been changed were not examined.

Conclusion

On the basis of examining the procedures and data used, and obtaining explanations and carrying out such tests as deemed necessary, it is considered that appropriate systems are in place to ensure that the Statutory Performance Indicator can be compiled in line with the guidance issued by the Accounts Commission.

xiii) INTERNAL AUDIT REPORT 2006/49

Department	Environmental; Health and Trading Standards
Subject	2006/07 Statutory Performance Indicators

Introduction

As part of the planned internal audit work a review of the systems in place for compilation of 2006/07 Statutory Performance Indicators (SPIs) was undertaken.

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.

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. 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.

Audit fieldwork concentrated on the 2006/07 Indicators which are new or changed. Consequently procedures relating to the compilation of Protective Services Indicators 2 and 3 which are new and changed respectively in 2006/07, were examined to ensure that appropriate systems are in place. These Indicators are compiled by the Environmental Health and Trading Standards Department and relate to domestic and non-domestic noise complaints.

Scope and Objectives

The objective of the audit was to ensure that there are systems in place for the compilation of indicators which were either new or had been changed for 2006/07. Procedures relating to the compilation of indicators which had not been changed were not examined.

Conclusion

On the basis of examining the procedures and data used, and obtaining explanations and carrying out such tests as deemed necessary, it is considered that appropriate systems are in place to ensure that the Statutory Performance Indicators can be compiled in line with the guidance issued by the Accounts Commission.

xiv) INTERNAL AUDIT REPORT 2006/50

Department	Planning and Transportation
Subject	Ordering, Receipting and Creditor Payments

Introduction

As part of the planned audit work for 2006/07, a review of the systems operated in relation to ordering, receipting and creditor payments within the Planning and Transportation Department was undertaken. The audit sample included invoices paid from both the Department's capital and revenue budgets. In 2005/06 expenditure on the creditors' system was in the region of £28m and approximately 1,300 orders and associated invoices were processed.

Prior to an order being raised, a requisition form is completed and authorised by the relevant team leader. Staff in the Department's Support Services Section generate orders and process invoices on the Council's computerised creditors' system (Powersolve). Team leaders are responsible for the checking of goods received, delivery notes and invoices and for signing the invoices to certify that the goods or services have been received.

Scope and Objectives

The objective of the review was to provide an opinion on the adequacy and effectiveness of the controls over the systems operated in relation to ordering, receipting and creditor payments within the Planning and Transportation Department with regard to the appropriateness of the goods ordered, procedures for the placement and authorisation of orders, receipt of goods and payment of invoices.

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 areas commented upon in the report are as follows:

- To ensure best practice is followed, team leaders should be reminded of the importance of adhering to Departmental policies on the authorisation of orders and invoices.
- To ensure compliance with Council policy, the Council's proforma for the provision of spectacles/contact lenses for defined users should be used and reimbursement should be made via the payroll system.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Planning and Transportation and appropriate action agreed to address the specific issues raised.

xv) INTERNAL AUDIT REPORT 2006/52

Department	Planning and Transportation
Subject	Follow-up Review of Car Parking

Introduction

As part of the Internal Audit Plan for 2006/07, a follow-up of the recommendations made in Internal Audit Report No. 2004/29, Car Parking, issued in June 2005, was undertaken. The original Internal Audit report concluded that the system had a number of weaknesses and the following aspects of the system were identified as areas where improvements could be made to strengthen internal controls:

- The design of monthly season tickets and residents' permits required to be reviewed;
- Eligibility criteria for residents' permits required to be re-considered;
- Procedures in place for receipting and banking income required improvement;
- A stock control system required to be introduced;
- Security arrangements for storing monthly season tickets, residents' permits and cash required to be improved; and
- Monthly parking permits issued to staff should be clearly marked "Monday to Friday" only.

A progress review was carried out in May 2006; the process requires management to provide an update on the implementation status of each recommendation in the original report. Internal Audit does not ensure, at the progress review stage, that the implementation status reported by management is factually accurate; however, evidence has been obtained and reviewed as part of this follow-up.

Scope and Objectives

The objective of this follow-up review is to assess whether or not the agreed recommendations made in Internal Audit Report No. 2004/29, Car Parking, have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them. The review was restricted to areas included in the original report.

Conclusion

The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review, there are still some recommendations that require to be implemented by management.

The main areas where actions agreed by management are still outstanding are as follows:

- Season tickets should be re-designed as soon as possible;
- The new application form for residents' permits should be made available on the Council's Website;
- The Proof of Residence Submitted section of the residents' permits application form should be amended to incorporate the driving licence;
- Staff should be reminded that supporting documentation submitted in respect of residents' parking applications should be dated within the last three months;
- A cash register should be introduced for the collection of income;
- Bankings should reflect a discrete day's takings;
- A keyholder's register should be introduced; and
- A stock control system should be introduced for all permits and season tickets.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Planning and Transportation and appropriate action agreed to address the specific issues raised.

xvi) INTERNAL AUDIT REPORT 2006/53

Department	Environmental Health and Trading Standards
Subject	2006/07 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 2006/07 financial year was £110,403.34.

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 the grant funding received in respect of the above project has been spent in accordance with the terms and conditions under which the claim for grant is made.

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.

xvii) INTERNAL AUDIT REPORT 2007/04

Department	Waste Management
Subject	2006/07 Grant Claim : Dundee City Council Waste Audit

Introduction

In the 2006/07 financial year Scottish Ministers offered specific grant assistance of £10,000 to Dundee City Council for the implementation of Dundee City Council's Waste Audit Report details of which had been submitted to Scottish Ministers.

It is a requirement of the Conditions of the Grant that Dundee City Council "submit a claim for each Payment not earlier than, but within 30 days of each Claim Date". In addition, at the end of each Financial Year, the Council is required "to prepare an account showing all expenditure incurred in connection with the Project during that Financial Year" and the conditions also state that "the account shall be audited and certified by a member of the Institute of Chartered Accountants in Scotland or any other equivalent body as may be approved by the Scottish Ministers".

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 have been used in accordance with the terms and conditions of the Offer of Grant.

xviii) INTERNAL AUDIT REPORT 2007/05

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

Introduction

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 Executive and Pensions Administration staff invoice the Scottish Executive 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.

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 amount reclaimed from the Scottish Executive is fairly stated, the sums claimed are properly due, substantiated with documentary evidence and in accordance with the terms and conditions laid down by the Secretary of State

Conclusion

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.

xix) INTERNAL AUDIT REPORT 2007/10

Department	Planning and Transportation
Subject	2006/07 Grant Claim : Tayside and Central Scotland Regional Transport Partnership

Introduction

In the 2006/07 financial year Scottish Ministers offered under the powers contained in Section 70 of the Transport (Scotland) Act 2001 a capital grant to Tayside and Central Scotland Transport Partnership (TACTRAN) for transport projects. TACTRAN subsequently offered specific capital grant assistance to Dundee City Council for the 2006/07 financial year of £946,500. The purpose of this grant was to develop and implement regionally strategic public transport, cycling and walking projects and regionally strategic road projects included in TACTRAN's approved capital plan.

Subsequent to the initial grant offer, approval was given for Dundee City Council to carry the allocation for a specific project within the original submission to the 2007/08 financial year to enable further development of this project. The total grant claimed for the 2006/07 financial year was £606,426.

It is a requirement of the Conditions of the Grant that Dundee City Council "shall by 17 May 2007 submit to TACTRAN a statement of compliance with the grant conditions" and that the audit certificate be signed by "either the Head of Finance / Finance Director, Head of Internal Audit or external audit".

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.