

ISA 260 LETTER for 2005 – 2006 ANNUAL ACCOUNTS (UNAUDITED)

1. SUMMARY

Audit Scotland will provide an audit letter to the Audit Committee in accordance with International Standard on Auditing 260 (ISA 260). This auditing standard requires external auditors to communicate matters relating to the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action to be agreed prior to the finalisation of the Annual Accounts for 2005 - 2006.

2. RECOMMENDATIONS

2.1 The contents of the ISA 260 are to be noted by the Audit Committee and agreed.

3. DETAILS

3.1 Prior to completion of the Annual Accounts and their final Certification the members of the Audit Committee are provided the opportunity to discuss with Audit Scotland matters relating to the audit of the financial statements of the Council.

3.2 On 21 September, in order to meet the requirement set out in ISA 260, the Assistant Director of Audit (Local Government) will present the contents of the audit letter to the Audit Committee for discussion.

3.3 The letter which will form the basis of the discussion on the 21st of September 2006 will encompass the following:

- ◆ Any major areas of concern;
- ◆ Any proposed changes to the Annual Accounts;
- ◆ Any changes Audit Scotland has requested that have not been agreed; plus
- ◆ Minor changes.

The Audit Committee will therefore have the opportunity to discuss the points outlined in the letter and to instruct the Head of Strategic Finance to make any subsequent agreed changes.

3.4 The letter from Audit Scotland will be provided to members of the Audit Committee at the meeting on the 21st of September 2006.

4. CONCLUSIONS

The Council's Accounts for the year to 31 March 2006 and the Audit Certificate, Certified Accounts and Report to Members will return to the Audit Committee on the 8th of December 2006 after Council approval.

5. IMPLICATIONS

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| 5.1 | Policy: | None |
| 5.2 | Financial: | None |

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| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

For further information please contact Ian Nisbet, Internal Audit Manager (01546 604216).
Ian Nisbet, Internal Audit Manager. 12th September 2006.
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