

**PROGRESS REPORT on EXTERNAL AUDIT REPORTS TO COUNCIL FROM
1999/00 TO PRESENT**

1. SUMMARY

Internal Audit has produced a list of all external audit management letters produced from 1999 – 2000 to the present. (See Appendix 1). A review regarding the progress made by management in the implementation of external audit from PricewaterhouseCoopers (PwC) has been performed the results of which are detailed below.

2. RECOMMENDATIONS

2.1 The contents of this report are to be noted and followed up by Internal Audit.

3. DETAILS

- 3.1 A review by Internal Audit as at the 11th October 2002 indicates that 2 recommendations for the Interim Management Letter 2000/2001 still remain to be implemented. One of has an implementation date of March 2003 whilst for the second the Finance department are awaiting responses from departments. (See Appendix 2).
- 3.2 A review by Internal Audit as at the 11th October 2002 indicates that there are 6 recommendations still to be implemented from the Second Interim Management Letter 2000/2001. However progress is being made towards implementation. One (Ref no.1) has been rejected by IT, as it does not provide good value to the Council. (See Appendix 3).
- 3.3 A review by Internal Audit as at the 11th October 2002 indicates that there are 2 recommendations yet to be fully implemented for the Audit Management Letter 2000/2001. Progress has been made in the one relating to PI's. The remaining one is contingent on completion of (9.01) and progress can only be made when this is completed. (See Appendix 4).
- 3.4 The final Systems Audit Management Letter 2000 – 2001 report was received on the 20th September 2002 and distributed to management. A review by Internal Audit as at the 7th October 2002 indicated that all accepted recommendations had been implemented. PricewaterhouseCoopers (PwC) has offered an apology for the delay in issuing the final report.
- 3.5 The first management report produced by Audit Scotland entitled Regularity and Governance was received by the Council and is the subject of a separate report to committee.
- 3.6 With regard to the above management letters, Internal Audit has carried out testing in order to confirm assurances obtained from management. Continued testing will be performed as part of the new 3-year audit plan.

3.7 Members of the committee at the meeting in July 2002 requested that if recommendations remained outstanding at the time of the next meeting then the appropriate officers were to bring a detailed report to the committee giving reasons for non-compliance. As can be seen from this report some recommendations remain outstanding and the appropriate officials will present their detailed reports to committee today. The list of departments and what reports are to be presented is given below.

- Gerry Wilson, Head of It Infrastructure I.T. will report to the committee on the Second Interim Management Letter outstanding recommendations covered in Paragraph 3.2
- Alasdair Bovaird, Head of Corporate Policy will report on the Audit Management Letter outstanding recommendation covered in Paragraph 3.3

4. CONCLUSIONS

Implementation of recommendations will continue to be monitored by Internal Audit as part of the annual audit plan. Those action points remaining to be implemented have been reported to committee with reports provided by the appropriate officials.

5. IMPLICATIONS

5.1	Policy:	None
5.2	Financial:	None
5.3	Personnel:	None
5.4	Legal:	None
5.5	Equal Opportunities:	None

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