

**PROGRESS REPORT on EXTERNAL AUDIT REPORTS TO COUNCIL FROM  
2001/2002**

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**1. SUMMARY**

Internal Audit has prepared a list for all external audit management letters produced by Audit Scotland for 2001/02. (See Appendix 1). A review regarding the progress made by management in the implementation of these reports recommendations 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 The Council received an external audit management report from Audit Scotland entitled Regularity & Governance 2001/2002. A review by Internal Audit of this reports recommendations as at the 9<sup>th</sup> January 2003 indicates that out of 9 agreed recommendations 7 have been implemented and 2 remain outstanding. Of the remaining 2 recommendations, one relates to authorised signatory lists for the Payroll section and has gone over its completion date of December 2002. However we can report that substantial progress has been made with the recommendation and it will be implemented by the end of February 2003. The implementation of the other recommendation is held up due to our Oracle software provider's awaited response. (See Appendix 2).

3.2 An external report was received from Audit Scotland entitled Management Report – Regularity & Governance 2001/2002. The focus of the audit was a review of a number of key systems from which 19 recommendations were made. Internal Audit can report that 18 of these have implementation dates of March 2003 or later. The one recommendation relating to November 2002 has been implemented. A copy of the report is attached see Appendix 3.

3.3 Audit Scotland has produced an Audit of Accounts 2001/02 Audit Memorandum The 2001/02 final report on the audit of Argyll & Bute Council Final Accounts was presented to the Council in November 2002. In summary the auditors commented that there were no qualifications but highlighted the failure of the Property Maintenance Direct Labour Organisation to meet its financial objective. They also recommended that the Council should continue to monitor the Education Departments financial reporting and budget position. I would invite the Audit Committee to comment on the appropriateness of the Council responses to the reports 9 recommendations. (See Appendix 4).

3.4 An audit memorandum for Audit of Accounts 2001/02 was presented to the Council in October 2002. The purpose of this memorandum was to address matters of accounting principle not previously reported in the Final Report on the Audit of

the Council. Internal Audit can report that of 6 recommendations 5 have implementation dates of March 2003 or later. One recommendation relating to October 2002 has been implemented. A copy of the report is attached see Appendix 5.

- 3.5 Audit Scotland in December 2002 produced a report entitled Performance Audit of Trading Standards. The conclusion drawn was that the Trading Standards Service has performed above the Scottish average. A total of 11 recommendations have been made in the report, a copy of the Executive Summary is given in Appendix 6.

#### **4. CONCLUSIONS**

Implementation of recommendations will continue to be monitored by Internal Audit as part of the annual audit plan. Those remaining to be implemented will be reported to the Audit Committee.

#### **5. IMPLICATIONS**

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| 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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