

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

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 12th May 2003 indicates that out of 9 agreed recommendations 8 have been implemented and 1 remains outstanding. Implementation of the outstanding recommendation is held up due to our Oracle software provider's poor support. However, the problem has been raised in profile and is now being dealt with by Oracle. (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 as of the 12th May 2003 from the original 19 recommendations 12 have been implemented. Of the remaining 7, two have implementation dates of January 2005. The 5 remaining recommendations concern the Unified Benefits System Section for which comments have been obtained from local management as to progress, see Appendix 3.

3.3 Audit Scotland has produced an Audit of Accounts 2001/02 Audit Memorandum The 2001/02 final report for Argyll & Bute Council on the audit of Final Accounts was presented to the Council in November 2002. As at the 12th May 2001 out of 9 recommendations, 3 have been implemented and one has an implementation date of January 2005. For the remaining 6 recommendations management have given comments on progress. (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 as at the 12th May 2003 out of 6 recommendations 3 have been implemented. Comments have been obtained from management for the remaining 3 recommendations. (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 and had reached a good standard of service in relation to discretionary services. As at the 12th May 2003 only 2 of the original 11 recommendations remain outstanding management comments are appended. (See Appendix 6).
- 3.6 Audit Scotland in October 2002 produced a report entitled Performance Audit of Managing Pre-School Education. A review by Internal Audit of this reports recommendations as at the 12th May 2003 indicates that all agreed recommendations have been implemented.
- 3.7 With regard to the above management letters, Internal Audit will carry out testing in order to confirm the assurances obtained from management.

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 continue to 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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