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**EXTERNAL AUDIT MANAGEMENT LETTER UPDATE 1999/00  
PROGRESS REPORT**

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**1. SUMMARY**

A progress review regarding the implementation of recommendations raised in both the PricewaterhouseCoopers (PwC) Final Report to Members for 1999/2000 has been performed by Internal Audit and an exception report produced. (See Appendix 1).

**2. RECOMMENDATIONS**

2.1 The contents of this report are noted.

**3. DETAILS**

3.1 Out of 19 action points identified by PwC in their Final report to Members 1999/2000 only 5 exceptions remain to be actioned.

3.2 The 5 exceptions are covered in the appended exception report, 3 of these relate to action dates in March 2001 or later. Of the remaining 2, one relates to the development of a Council, Fraud & Corruption Policy, which once complete will be presented to the Audit Committee for approval. The final action point still outstanding relates to a performance indicator qualification placed on Libraries who in order to meet the performance indicator need to computerise their system of data collection for active borrowers. Although there is a staged programme set in place for this, implementation will be achieved gradually over the coming years, Libraries will therefore not in the short term be able to meet the action placed on them by PwC.

3.3 Appendix 1 identifies the recommendations contained in the PwC Final Report to Members for 1999/2000 which have not yet been implemented

3.4 For the recommendations contained in the Final Report to Members, Internal Audit has accepted management assurances that implementation has taken place. No testing has been carried out to confirm the assurances. Internal Audit will verify these assurances as part of our Follow up Review programme 2001 – 02.

**4. CONCLUSIONS**

Implementation of recommendations will continue to be monitored by Internal Audit.

## 5. IMPLICATIONS

5.1	Policy:	None
5.2	Financial:	None
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 26 February 2001.  
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Report Reference	Issue	Agreed Action	Responsible for Implementation	Exception
3.34	We recommend that the position of the Ardentenny and Castle Toward Outdoor Centres should be verified and the assets revalued for inclusion in the balance sheet at 31 March 2001.	Verification of ownership by Legal Service. Valuation by Estates	Susan Mair Head of Legal Services Nick Allan Principal Estates Surveyor.  Due Date  Legal have completed.  Estates by March 2001.	Review March 2001
3.43	We recommend that the basis of the allocation of the central administration overhead to the catering and cleaning DSOs is reviewed and documentary evidence retained for future years.	This has now been completed. A further review will take place in March 2001.	Alan Brough Support Services Manager.  Due Date  Complete review again March 2001	Further Review March 2001

Report Reference	Issue	Agreed Action	Responsible for Implementation	Exception
4.43	Management should ensure that the Council's Fraud and Corruption Policy, once drafted, incorporates the provisions of Appendix 7 of HB/CTB Circular A21/2000.	Agreed	Audit & Standards Committee  Due Date  2000/01	Current development of a Fraud & Corruption Policy is underway and once completed will be presented to the Audit Committee for approval.
7.08	Members should review individual departments' arrangement for ensuring that qualifications on performance indicators are removed for 2000/01.	Primary responsibility for maintaining accurate information systems and ensuring they are properly used rests with service departments. Details of the reasons for qualification will be forwarded to Directors, with all affected departments to submit a plan for passing audit in 2000/01 or as soon as possible after that.	Relevant directors to implement.  Due Date  On going	Management assurances have been received by Internal Audit, that action has been taken except for the Libraries active borrowers Performance Indicator which will not change until system is completely computerised.
8.20	Members should consider monitoring the implementation of a centrally maintained tender register and request regular reports on activities subject to new contracts.	Consideration will be given to the implementation of a central tender register by the Audit Committee.	Nigel Stewart Director of Corporate and Legal Services Due Date : June 2001	This is currently being actioned.