

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Executive

Council : 26 September 2007

Subject: Interim Management Report 2006/07

1. Purpose

1.1 The purpose of this report is to present to Members KPMG LLP's findings in relation to their interim audit fieldwork for 2006/07.

2. Background

2.1 KPMG presented their Audit Planning Memorandum (APM) for 2006/07 to the Audit and Performance Review Committee on 20 December 2006 which outlined their planned audit approach for the year.

2.2 This report is the second of a number of interim reports that will be presented to Members throughout the course of the audit year leading to the final Report to the Audit and Performance Review Committee.

2.3 The Interim Management Report 2006/07 would normally be presented to the Audit and Performance Review Committee. However, the report was finalised and agreed with KPMG on Thursday 20 September 2007 and is presented to Council to enable the Council's Accounts to be finalised.

3. Main Issues

3.1 The complete report is appended for information.

3.2 This report details the audit findings in relation to the following areas:

- (i) Progress made by the Council in relation to the National Fraud Initiative.
- (ii) The IT general control environment in place within the Council.
- (iii) The design and operation of key controls over the following systems:
 - Provision of Housing Services
 - Significant Trading Operations
 - Payroll
 - Non-Pay Expenditure and Creditors
 - Debtors and Non-Government Grant Income

3.3 The report includes a number of recommendations to address matters identified in the review and these, together with management responses, are included within the action plan detailed on pages 11-23 in the report.

3.4 These recommendations have been graded according to the table on page 2 of the report. Members are asked to note that there are 22 recommendations in total, graded as follows:

- Grade 1 (significant) - 1
- Grade 2 (material) - 9
- Grade 3 (minor) - 12

3.5 Management comment has been applied to each recommendation and, where appropriate, an implementation date has been agreed.

4. Personnel Issues

4.1 There are no personnel issues.

5. Financial Implications

5.1 There are no financial implications.

6. Risk Analysis

6.1 Failure to address the recommendations outlined in the report would impact on the final audit opinion awarded to the Council in respect of the audit of the financial statements 2006/07.

7. Conclusion

7.1 KPMG have identified a number of recommendations following their evaluation of the three areas outlined in 3.2. A detailed action plan to address these findings has been agreed and progress will be monitored by the Audit and Performance Review Committee.

8. Recommendation

8.1 Members are invited to note the report and appendix.



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Chief Executive
Date: September 2007

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Appendix: KPMG's Interim Management Report – Year ending 31 March 2007

Background Papers: Audit Planning Memorandum 2006/07
Interim Management Report 1 – Audit and Performance Review Committee – 14 March 2007

Wards Affected: All