

**ARGYLL & BUTE COUNCIL
INTERIM MANAGEMENT LETTER 2000/01
SEPTEMBER 2001 (Updated 11 October 2002)**



DETAILED RECOMMENDATIONS

Findings	Recommendation	Management Comment	Responsible Officer	Update as at 08/10/01	Update as at 18/03/02	Update as at 20/06/02	Update as at 11/10/02
<p>2.02 Education budget has not been appropriately phased</p> <p>Our review of the Education monthly budget monitoring reports highlighted that a number of material variance had arisen because the budget had not been phased appropriately throughout the year.</p> <p>The budget does not therefore reflect the income and expenditure fluctuations throughout the year. This increases the complexity of departmental monitoring and variance reporting and carries a risk of misinterpretation.</p>	<p>The department should review income and expenditure patterns across the major lines of service to ensure that effective profiling of budgets can be carried out to provide a realistic reflection of departmental income and expenditure activity.</p>	<p>Finance and Education staff have undertaken a major exercise jointly. The cause of many of the phasing issues had been the expansion of new projects within the Excellence Fund and the provision of funding direct to Head teachers.</p> <p>Considerable scope existed for budget holders to decide upon the spend, eg, staffing, materials or repairs. In addition, some projects required consultation with partners before plans were implemented. As the programmes become more stable, the issue will diminish. Finally, a review will be undertaken on the timing of the invoices</p>	<p>Joseph McGeer (Now the responsibility of the Finance Team, Dunoan and future reports will reflect this)</p>	<p>Ongoing</p>	<p>Ongoing</p> <p>In process, but Director of Finance is directly responsible</p>	<p>An action plan has been prepared to address the improvements required in financial control within Education. This is a much wider issue than that identified by PWC. The action plan is currently being progressed by an augmented finance team for Education. A monitoring group of members and senior officials has been established to review progress against the action plan. The Group is reporting progress to the Strategic</p>	<p>An action plan has been prepared to address the improvements required in financial control within Education. This is a much wider issue than that identified by PWC. The action plan is currently being progressed by an augmented finance team for Education. A monitoring group of members and senior officials has been established to review progress against the action plan. The Group is reporting progress to the Strategic</p>

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3.03 No Monitoring Controls over DES Stock Insufficient monitoring controls exist over stock held by the Development and Environmental Services Department. This includes Departmental and DSO stores for Leisure Management, Ground Maintenance and Refuse Collection/Street Sweeping. No stock systems are maintained, other than informal local records. Two stores in Helensburgh were identified by Internal Audit in February 2001 as having no stock records at all. The absence of such controls over the stock cycle increase the risk of	A comprehensive stock recording and monitoring system should be introduced in the Development and Environmental Services Department, with regular stock counts taking place. Stores staff should be fully trained in the procedures for ordering, receiving and issuing of stock. This should help to ensure that these new procedures are properly implemented and operated correctly.	from other departments of the Council. The statement at 3.03 does not accurately reflect the Stock Report, to quote the Report : “Oban Millpark Depot where both Grounds Maintenance and Waste Management Stores are located, practices were found to be good in that an accurate record keeping system had been put in place by store staff. The system provides reliable stock records and valuable management information.” In addition, no visits were made to Leisure Management facilities and yet 3.03 refers to	Andrew Law, Head of Amenity Services	Ongoing	31 March 2002 Is being installed in Oban this week and will be installed in all areas for Year End Stock take. All stores should have system as of End April 2002	Policy Committee. The action plan continues until March 2003.	Policy Committee. The action plan continues until March 2003
The computerised system was implemented during the week commencing 14 September 2002.	There is a system in place and it was done by 31/3/2002 for each area. This allowed end year figures to be produced and data fed into computer system at Kilmory as base point for the start of 2002/03 figures. This computerised system would have been rolled out to all areas by now, but for the recall from secondment of the officer dealing with its implementation to another function within DES because of an emergency situation.						

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undetected misappropriation of items in stores, material errors or misstatements in the stock balance.		<p>Leisure Management.</p> <p>However, management welcomed the Stock Report as it highlighted several areas where substantial improvement was needed. Helensburgh stores were found not to be operating any stock system at all. Kilmory and Campbelltown stores were found to lack accurate records due to poor record keeping.</p> <p>Two key recommendations were agreed:</p> <ol style="list-style-type: none"> 1. That the computerised stock system operating successfully in Oban should be modified to be used throughout all Amenity Services depots; 2. That a stock review is carried out with procedural guidelines issued to all stores. 				<p>However this now resolved and member of staff returns on 1st July, at which time her priority will be to put in place the system in its computerised form to all depots.</p>	

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			<p>This programme has already commenced and a revised Oban based system is currently being installed in the Kilmory depot as the first stage of extending this system to all other Amenity Services stores.</p>					
5.01	<p>No list of authorised signatories</p> <p>When area office administration staff are authorising changes to the debtors accounts, there is a requirement to sign a cover sheet which includes:</p> <ul style="list-style-type: none"> • the debtors details; • the person keying in the information; and • the officer who has verified that action. <p>However, we noted that no list of authorised signatories for administrative staff</p>	<p>An authorised signatory list should be kept of administrative officers who may authorise changes to debtor's accounts.</p>	<p>Noted and will be actioned.</p>	<p>M McFarlane</p>	<p>Ongoing</p>	<p>Ongoing</p>	<p>There will be a request to all Directors to provide updated signatory lists by 30/09/02.</p>	<p>A memo was sent to all Directors on 29th August 2002 requesting an updated list of authorised signatories. A reminder was sent to those Directors still to respond on 24th September 2002.</p>

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exists.

We were advised that this has arisen as finance staff know all the administration officers who may authorise changes, and where there is a doubt, clarification is sought by telephone. However, there is a risk that new staff starting in the office might not be familiar with these signatures and it also not possible for audit staff to confirm that signatures are as stated.