

# Joint Audit and Governance Committee



Report of Interim Internal Audit Manager

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To: Joint Audit and Governance Committee

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## Internal Audit - Progress Report – Grounds Maintenance In-Sourcing

### Recommendation

That members note the content of the report

### Purpose of Report

1. The purpose of this report is to provide an update on the assistance given to the Grounds Maintenance In-sourcing Project as this has now completed Phase 1.
2. The contact officer for this report is Richard Green, Interim Internal Audit Manager for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), telephone 01235 422430.

### Strategic Objectives

3. Delivery of an effective internal audit function will support the councils in meeting their strategic objectives.

## Background

4. The aim of the project was to in-source the Grounds Maintenance and Public Convenience cleaning which had previously been undertaken by contractors.
5. Internal audit agreed to assistance and review of the project to establish whether internal controls are in place for new and existing processes, and that they meet the requirements of internal policies and procedures.
6. The key areas that were agreed for review were HR, procurement, legal, property and vehicle management, asset management, performance monitoring.

## Work Performed

7. Internal Audit attended project meetings to gain assurance that advice was appropriately sought from Legal, HR and Procurement teams where required.
8. It was agreed that the main area where internal audit could add value in this project was in supporting the team to create procurement procedures.
9. A procurement procedure document was drafted, which covers the various procurement activities that the team will be undertaking initially and on an ongoing basis. Much of this procurement activity follows the councils' standard procurement routes, therefore, existing guidance is referred to where applicable.
10. As no council policy or procedures are in place for the use of procurement trade cards, a draft detailed procedure has been compiled for the team to use. These are considered to be robust and proportionate, although there are some actions/decisions that the team need to take to complete them.

## Key Findings

### Specialist advice

11. From the project meetings attended, it was confirmed that guidance and advice has been appropriately sought on specialist matters from Legal, HR and Procurement and in a timely manner.

### Trade cards:

12. At the time of review, trade card accounts had not been set up specifically for the ground's maintenance and public convenience teams. As an interim measure, the two public realm trade cards are being used by both teams.
13. As mentioned above, draft procurement procedures have been compiled, which address the following key risks in the process.
  - Segregation of incompatible duties (requesting, ordering, goods receipting and payment)
  - Advance approval of purchases, assisting in management oversight of purchasing spend
  - Misappropriation of goods
  - Formal audit trail to record the end-to-end purchasing process, through to allocating stock to work orders/jobs
  - Adherence to the councils' financial procedure rules.

14. Concerns were raised to internal audit about using these procedures in practice. The main concern is in relation to the cost implications of not issuing officers with a trade card, in order to physically order/collect goods in store as and when required (i.e. waiting for approval and ordering of trade card purchases from the GM/PC team leaders/trade card holders).
15. As the service has just come back in-house, there is insufficient information available on the frequency, volume, value and type of goods that will need to be purchased via trade card. As such, it's not possible to determine whether the procedures will meet the needs of the team day-to-day.

#### Consumables

- 16 From review of the standard PO procurement process (primarily via Jewsons and Screwfix) for the purchase of consumables, the following risks were identified:
- Officers can purchase and collect goods in store by simply referencing the council's blanket PO number. There are no controls in place to limit the volume/value/type of goods the officer can order and collect in store as Jewson/Screwfix are unaware of the council's PO limit and there is no pre-agreed 'shopping list' with the supplier. This may limit management oversight of procurement spend and does not always ensure that purchases are approved by an authorised individual in advance.
  - Blanket PO's must be regularly raised when the limits have been reached, which increases administrative effort when compared to bulk supplier orders made in advance.

#### Stock management

- 17 At the time of review, the team had not yet reviewed the stock management processes and procedures required for grounds maintenance and public conveniences.

#### Recommended Actions

- 18 It is recommended that a number of actions are taken in order to continue the work carried out so far.
- With support from the procurement team and approval from Finance, continue the work to set up trade card accounts for use solely by the grounds maintenance and public convenience teams.
  - Establish a process to formally record trade card purchases against work orders/jobs in the appropriate system.
  - Over the next 3-6 months, keep a formal audit trail/log of the frequency, volume, value and type of goods that require purchasing via trade cards. Review internally how the adoption of the trade card procedures is working for the team on a day-to-day basis.
  - With support from the procurement team, investigate the use of suppliers other than Jewsons/Screwfix for the procurement of consumables, with the aim of providing a longer term solution, which minimises the risks identified.
  - Continue with the work to review stock management processes and procedures for both grounds maintenance and public conveniences.

#### Next Steps

- 19 Based on the above work performed and findings raised, it is recommended that the following steps are taken:

- Internal audit to support the team by undertaking a 'part two' to the consultancy project. The focus of this part will be to assist in drafting stock management procedures and processes, reviewing progress against key findings from part one, along with a review of any other areas the team would find beneficial (e.g. a review of processes in place 3-6 months from the service coming back in-house).
- Internal audit to undertake a planned assurance audit during 2021/22, which will look at the grounds maintenance and public convenience operations when fully up and running. This will be included in the 2021/22 annual internal audit plan, the timing of which can be discussed and agreed

### **Financial Implications**

20 There are no direct financial implications arising from this report.

### **Legal Implications**

21 There are no direct legal implications arising from this report.

### **Risks**

22 None identified

### **Other Implications**

23 None

### **Conclusion**

24 Internal audit has assisted in the project as agreed and will continue the involvement and assistance with Phase 2.