

Management Update

Stores and Equipment Management

June 2016

Management Update: Stores and Equipment Management – Appendix 2

Management have provided the following update to Audit Committee on the progress of implementing audit recommendations: At the time of the audit we were restructuring, that process has now been completed with the Warehouse Manager taking up his post on 23rd May and with the new Transport and Stores Manager joining us on 4th July to take up his positions. We feel that leaves us well placed to deliver the service improvements however the original timescales in the audit report needed to be adjusted. We have proposed new target dates in the attached document.

Ref.	Recommendation	Original Management Response	Responsible Officer and Timescale	Status	Management Update - June 2016
1	Risk Area: Servicing of Equipment				
1.1	<p>Servicing of Equipment</p> <p>In addition to the asset register on DATAstox, all Teams using equipment should be required to identify the items of tool and plant under their control (i.e. issued to their staff).</p> <p>In the first instance, the details of this equipment should be collated and forwarded to the Horticultural Supervisor within a defined timeframe, together with information regarding the date it was last inspected. This should be compared to the register currently held on DATAstox to establish discrepancies. Missing equipment should be investigated and where necessary, written off or removed from the register to enable a cleansed version of the equipment register.</p> <p>Once this exercise has been completed, equipment management processes should be sufficient going forward to manage the assets (subject to the additional recommendations at AP5.1).</p> <p>Priority: High</p>	<p>Agreed</p> <p>Head of Corporate Finance: This is a significant piece of work affecting all operational services at Waterside and the Fleet and Stores teams and is at a very early stage.</p> <p>Stores and Procurement Manager: Responsibility for tool and plant is to be incorporated into Stores, although timescales are unknown. When this happens there needs to be a full review of the equipment register to establish where items are.</p> <p>The Horticultural Supervisor has done a good job recovering missing items, but the integrity of the asset register at the outset was poor. Need to get a base by calling in craft and trade workers team by team to identify, record, test, calibrate and formally sign equipment out to workers. There needs to be an agreement for writing off lost stock and then regular review going forward.</p> <p>Line Manager / Supervisor support will be vital to ensure staff in their areas are compliant with new procedures.</p>	<p>Fleet and Workshop Manager</p> <p>In conjunction with Head of Streetsmart</p> <p>August 2016</p>	2	<p>An arrangement is now in place whereby requests for new items are also provided to the workshop supervisor so that he can account for the item.</p> <p>Once the item is received he then records the item on the asset database.</p> <p>Since May 2016 work has also been taking place to assess the tool and plant used, identify missing equipment and clarify the full specification and to build an inventory of items required. In addition, new accountable procedures are being developed along with a business case to create a service delivery model for implementation of new more accountable ways of working to control these assets better.</p> <p>To deliver this, a new post Tool and Plant Coordinator is being created and should be recruited and in post by July 2016.</p> <p>The version of DATAstox SBC is utilising is no longer supported and a procurement project to obtain an appropriate asset management database is underway.</p> <p>It is unlikely all items will be in place by August 2016 as new software procurement is required. Delivery by December 2016 is more realistic.</p>

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Ref.	Recommendation	Original Management Response	Responsible Officer and Timescale	Status	Management Update - June 2016
2	Risk Area: Security and Storage				
2.1	<p>Stock Locations</p> <p>Wherever possible, all stock should be brought together and stored securely in one location.</p> <p>Where this is not possible, suitable access controls or other preventative measures should be taken to reduce the risk of theft from these areas (i.e. adequate CCTV coverage, stock access only by Stores staff, etc.).</p> <p>Priority: High</p>	<p>Agreed</p> <p>Stores and Procurement Manager:</p> <p>The stock in the old stores needs to be integrated into main stores, but there is a space issue. It is being identified which stock has been unused since the move into the current Stores and this will be catalogued and sold at auction with the remainder incorporated into stores.</p> <p>However, some stock will never be able to move into the main stores - for example, the lamp columns are too large and it would be impractical to incorporate the salt stock.</p> <p>Fleet stock has now been incorporated into the main store and access is now restricted. Items are dispatched via a serving hatch between the main store and the Fleet Workshop.</p>	<p>Warehouse Manager</p> <p>June 2016</p>	2	<p>A review of all stock and locations is currently being undertaken by the Warehouse Manager with appropriate action to relocate and/or secure the stock will be taken as this exercise is completed.</p> <p>A more secure area within the old warehouse is being created to accommodate the excess / obsolete stock ready prior to auction.</p> <p>Completion date : December 2016</p>

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2	Risk Area: Security and Storage				
2.2	<p>Main Store Access</p> <ul style="list-style-type: none"> The shutter door should be open only for deliveries. Side door access should be restricted to Stores personnel only. The fire door between Fleet and Stores should be alarmed. <p>Consideration should also be given to:</p> <ul style="list-style-type: none"> Implementing further access controls to the Stores office (i.e. swipe access). Whether the counter access should be removed entirely. <p>Priority: High</p>	<p>Agreed</p> <p>Stores and Procurement Manager: Staff will be reminded of the procedure for the shutter door until compliant. The ID badge access has now been reviewed and Admin have been contacted with a list of staff whose access should be removed. The door between Stores and Fleet is now the serving hatch for the fleet stock.</p> <p>Head of Depot Operations: There is a desire for access to the Store and the Depot in general to be better controlled, but there are considerable cost implications. These will be looked at as part of the wider integration project going forward.</p> <p>Head of Corporate Finance: CCTV monitoring and shutter door closure are the priorities; consideration is currently being given to ways to restrict counter access.</p>	<p>Warehouse Manager</p> <p>June 2016</p>	2	<p>Staff reminded of closing the shutter door at Tool Box talk 02.06.16 and this is being monitored daily.</p> <p>There are difficulties with restricting badge access therefore alternative options are being explored. The likely solution is to replace badge access to key access so entry will only be made via the main door which would be tightly controlled. However the H&S implications need to be considered, in particular in the event of a fire</p> <p>The door between fleet and stores is the serving hatch for fleet stores. This is not alarmed however the whole of the warehouse is now covered by CCTV which will pick up access into the warehouse from all entry points.</p> <p>Access to the warehouse via the counter has been re-configured so that access is now made via a concealed bolt on the stores side of the counter.</p> <p>All activities have been completed with the exception of the badge controlled door. This will be completed by the end of July 2016.</p>

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2	Risk Area: Security and Storage				
2.3	CCTV Quotes should be obtained for CCTV in the main stores and for other gaps identified in the Depot and a decision made whether to improve coverage in these areas. Priority: High	Agreed in principle Head of Depot Operations: Quotes for CCTV in stores have been gathered; however the decision to implement this will be taken into account when reviewing access to the entire Waterside depot, rather than stores in isolation. As above, this will be considered in the context of costs.	Warehouse Manager and Depot Manager April 2016	1	The CCTV coverage in the warehouse has been extended to ensure that the whole warehouse is covered and the review of other stock locations will ensure that the stock is located with appropriate security. CCTV coverage for the rest of the depot remains part of the wider Waterside Depot review and a decision on whether further CCTV is required will be made as part of that review.
2.4	Depot Access The access controls for the Depot, particularly for doors leading to offices or sensitive areas, should be reviewed to establish where there are exposures to unauthorised access. Depending on the level of exposure, a solution should be sought to improve controls, balanced with the cost of implementing the control. Priority: High	Agreed in principle Head of Depot Operations: As above, there is a desire to make improvements in this area, but these will be considered in line with the Waterside Improvement Project. Funding will need to be in place and this is not a priority at the moment. Some improvements are going on already, for example the separate public entrance to the tip is currently being constructed, which will help separate the Depot from the public in future.	Depot Manager in conjunction with Warehouse Manager and Security Manager July 2016	2 in relation to stock	Access to stock locations has been or is in the process of being addressed. Other access across the depot will be considered as part of the depot review. Completion date: July 2016

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2	<i>Risk Area: Security and Storage</i>				
2.5	<p>Insurance</p> <p>Managers should be aware of the level of contents SBC are insured to hold at the Depot to ensure contexts do not exceed this amount.</p> <p>Regarding van stock, it should be considered whether there is a cost benefit to introducing insurance cover in this area.</p> <p>Priority: Medium</p>	Head of Corporate Finance: Agreed	<p>Warehouse Manager in conjunction with Insurance Manager</p> <p>April 2016</p>	2	Currently reviewing cover with the Council's insurers. This should be completed by the end of July 2016.

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2	Risk Area: Security and Storage				
2.6	<p>Out of Hours (OOH)</p> <p>It should be explored whether there is a way of identifying out of hour issues on the OHS system.</p> <p>S-Tickets should be filled out in full and procedures should be reinforced to staff where non-compliance is identified, and where necessary, should be raised with the appropriate Trade Supervisor.</p> <p>Consideration should be given to providing Security with basic knowledge of S-ticket procedures to allow them to notice any obvious, improper use.</p> <p>Priority: Low</p>	<p>Agreed</p> <p>Stores and Procurement Manager:</p> <p>There is a process question to be answered of whether there is still a need for out of hours at all, especially with imprest stock on vans being reintroduced. Ideally it would be preferable to remove this, but this needs to be discussed and monitored going forward.</p> <p>Head of Corporate Finance:</p> <p>Security supporting access OOH is a workaround to services requiring supplies outside of Stores opening hours. Work is underway to understand the OOH requirement with a view to exploring alternative solutions. In the meantime the Security Manager and the Trade Managers have been asked to reinforce the requirement to complete the necessary paperwork.</p>	<p>Warehouse Manager</p> <p>May 2016</p>	2	<p>OOH tickets are being reviewed for accuracy and correct completion, if not the issue is being raised with appropriate managers and Security.</p> <p>A review is also being undertaken on the use of the OOH facility with a view to reducing or removing the requirement.</p> <p>Completion date: August 2016</p>

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3	<i>Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment</i>				
3.1	<p>Direct Purchasing</p> <p>Work to review direct purchasing (and stock issues in general) in order to improve the stock items in use, should continue as planned.</p> <p>It should be decided whether there should be a set limit above which an item will be incorporated into normal stock (this could be incorporated into procedures).</p> <p>There should also be a more formal feedback process established for trades staff to request particular items be held on stock.</p> <p>Priority: Medium</p>	<p>Agreed</p> <p>Stores and Procurement Manager:</p> <p>We are on top of this and are able to produce a record of all stock issues, with direct purchase to be continually reviewed.</p> <p>A pro forma is being produced that will require staff to indicate non stock item(s) that are required and detail the cost, usage, and justification for why an item should be held as stock before being purchased or incorporated into stock.</p>	<p>Senior Procurement Officer – Waterside in conjunction with Warehouse Manager</p> <p>July 2016</p>	2	<p>This is currently being reviewed to ensure direct purchases are not being used for items that are stock items and to inform if any items should become stock items. This information will also be discussed as a standard agenda item for the monthly Stores Engagement meetings with service managers.</p> <p>Initial review to be complete by October 2016</p>
3.2	<p>Monitoring Use of Stock</p> <p>Responsibilities for Trade Supervisors to review the stock items issued to their staff should be reinforced to reduce the likelihood of staff abusing the S-ticket process.</p> <p>Management information available from OHS should be reviewed by Trade Supervisors to ensure that information is sufficient for this purpose.</p> <p>This should also be a consideration of any barcode management system that is purchased for use.</p> <p>Priority: Medium</p>	<p>Agreed</p> <p>Head of Corporate Finance:</p> <p>Developing of these reports and the engagement with service managers is underway to ensure stock usage and direct purchases are understood.</p>	<p>Head of StreetSmart In conjunction with Head of Infrastructure Assets / Warehouse Manager</p> <p>April 2016</p>	2	<p>Work is underway with service managers to provide reports on stock usage with trends and recommendations being discussed and actions being agreed at the Stores Engagements.</p> <p>To be implemented by September 2016.</p> <p>The Warehouse Manager will make recommendations about the appropriate system for processing stock transactions once the wider review of processes has been completed.</p> <p>Target date for recommendations is November 2016</p>

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3	<i>Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment</i>				
3.3	<p>Stock Take</p> <p>A suitable schedule for stocktakes should be produced and incorporated into procedures.</p> <p>Where possible, the stocktakes in future should be undertaken by staff independent of Stores.</p> <p>Priority: Medium</p>	<p>Agreed</p> <p>Head of Corporate Finance:</p> <p>It is the intention to arrange a full stock take for main stores for year end and then establish a cycle of stock takes thereafter.</p>	<p>Warehouse Manager</p> <p>June 2016</p>	1	<p>A stocktake of the main warehouse was undertaken at the end of March 2016 and a full stocktake will be undertaken every year end hereafter.</p> <p>Cycle counts commenced w/c 06.06.16. Each rack is being reviewed week by week with a full cycle taking place at least once per year with the aim to being twice per year.</p> <p>A stocktake procedure meeting took place 08.06.16.</p> <p>All processes will be documented as part of the process improvement work.</p>

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3	<i>Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment</i>				
3.4	<p>Disposal</p> <p>A suitable disposal policy should be written and incorporated in to the Stores Procedures.</p> <p>This should include, the process that will be taken for when some money will be attempted to be retrieved for obsolete stock and when items will be written off entirely.</p> <p>There should be a robust process decided for how stock will be sold, including who will be involved and ensuring adequate authorisation and segregation of duties in the process.</p> <p>Where stock does not belong to Stores, a standard procedure should be decided for how any income received is allocated to the owner of stock / equipment.</p> <p>Priority: Medium</p>	<p>Agreed</p> <p>Stores and Procurement Manager:</p> <p>We are looking at a review of our procedure for disposals as part of a wider strategic review of Stores, to ensure there is a clear and documented audit trail. The preference is to sell items at auction wherever possible.</p>	<p>Warehouse Manager</p> <p>April 2016</p>	2	<p>Current obsolete stock to be segregated into a single area and Service Managers to be consulted on whether the stock is still required.</p> <p>Any stock proposed for disposal or write off by the Warehouse Manager following the review process will be subject to review by the Head of Streetsmart and the Head of Corporate Finance before being agreed.</p> <p>Specific policies and procedures will be written that are compliant with the Council's Contract Standing Orders and Financial Regulations</p> <p>Completion date: November 2016</p>
3.5	<p>Fleet Imprest Stock</p> <p>Fleet stock should be incorporated into the main stores as planned, as soon as possible.</p> <p>It should be ensured that imprest stock for fleet is checked against stock charged for by the manufacturer, to ensure invoices are genuine and has been charged to jobs.</p> <p>Priority: Medium</p>	<p>Agreed</p> <p>Stores and Procurement Manager / Head of Corporate Finance:</p> <p>Fleet Stock has now been incorporated into the main store and all future stock for fleet will be purchased from the manufacturers directly and therefore this will eliminate the issues raised in this area.</p>	<p>Warehouse Manager in conjunction with Waterside Integration Programme Manager</p> <p>December 2015</p>	1	<p>Since December 2015 fleet stock has been moved into stores and is controlled by the stores operators. No imprest stock is used.</p> <p>Stock is bought and levels and issues controlled through the Fleetmaster database and linked to the specific job.</p> <p>Regular meetings take place between the fleet workshop and stores to address concerns and develop the arrangement as necessary.</p>

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3	<i>Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment</i>				
3.6	<p>Fleet Job Processing</p> <p>There should be appropriate cover for processing fleet issues when the Fleet Buyer is away. An appropriate person should be trained in the process when the electronic system is installed.</p> <p>Whilst the paper based job cards are used, an appropriate storage place for these should be identified to reduce the opportunity for these to be lost.</p> <p>Priority: Low</p>	<p>Agreed</p> <p>Stores and Procurement Manager:</p> <p>The new Fleet Master system will negate the need for manual processing of job cards.</p>	<p>Warehouse Manager in conjunction with Waterside Integration Programme Manager</p> <p>December 2015</p>	1	<p>December 2015 fleet stock is controlled through Fleetmaster using a barcoding system. Stock levels are controlled and managed through the stores service. The system is fully electronic.</p>
3.7	<p>Performance Management / Culture</p> <p>The revised Stores Procedures should include responsibilities of staff for stock and equipment.</p> <p>These should be reinforced by Trade Supervisors to staff and instances of non-compliance with these procedures thereafter should be raised and escalated to Supervisors and Managers accordingly.</p> <p>Priority: Medium</p>	<p>Head of Corporate Finance: Agreed</p>	<p>Head of StreetSmart In conjunction with Head of Warehouse Manager</p> <p>March 2016</p>	2	<p>Procedures documented as part of the improvement work will include clear roles and responsibilities that are developed and agreed with the users of the service.</p> <p>Completion date: December 2016</p>

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4	<i>Risk Area: Policy and Procedures</i>				
4.1	Stores and Procurement Project Action Plan The Stores project action plan should be updated and appropriate information regarding revised timescales, resource and risk should be included and monitored going forward. Priority: Medium	Agreed Head of Corporate Finance: Following some structural changes the project plan will be revisited and refreshed.	Warehouse Manager in conjunction with Head of Corporate Finance May 2016	2	The Warehouse Manager is now in post and will be refreshing and managing the improvement plan going forward. Completion date: July 2016
4.2	Procedures The Stores procedures should be updated. This should include all processes covered by Stores and where necessary incorporate the recommendations from elsewhere in this action plan. Priority: Medium	Agreed Head of Corporate Finance: A full process review is underway which will lead to process improvements and provide up to date procedural guidance.	Warehouse Manager June 2016	2	Refreshed policies and procedures will be a product of the improvement plan. Additional resource is in place to provide the capacity to progress this work at pace in the form of store person capacity and Business Improvement capacity. Completion date: December 2016

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5	<i>Risk Area: IT Systems and Management Information</i>				
5.1	<p>Reporting Restrictions - DATAstox</p> <p>A review of the use of the DATAstox system should be conducted to determine whether it is the most appropriate software for use at the Depot.</p> <p>If it is, then this should be properly backed up and supported by the Supplier or Capita. An opportunity exists to ensure this requirement is considered when assessing options for a new barcoding system within Stores.</p> <p>Going forward, access to the DATAstox software (or equivalent) should be properly controlled with specific User IDs and passwords given to staff with instructions not to share access.</p> <p>More than one member of staff should be trained in using the DATAstox system to provide cover should the Horticultural Supervisor be unavailable.</p> <p>Priority: High</p>	<p>Agreed</p> <p>Stores and Procurement Manager:</p> <p>A business case is in draft outlining the intention of introducing an electronic barcoding and stock management system, for which DATAstox is a potential supplier.</p> <p>As Stores will administer the equipment management process in future (see AP1.1), if the business case is successful, DATAstox could continue to be used to support the equipment management process, albeit with an up to date and supported system.</p> <p>Head of Corporate Finance:</p> <p>Refer to AP1.1</p>	<p>Fleet and Workshop operation Manager</p> <p>Transport and Stores Manager</p> <p>August 2016</p>	2	<p>A review of DATAstox is taking place. A business case to be developed in June 2016 to inform the procurement options for a tool and plant management system.</p> <p>It is recognised that an updated system is needed and resilience is needed so appropriate training will be given to key individuals so that the system can be updated even if the tool and plant coordinator is out of the office.</p> <p>It is expected that the new tool and plant coordinator post will populate the database and run regular reports.</p> <p>More control over the issue of tool and plant is needed and the tool and plant coordinator will provide this control.</p> <p>The timescale for software implementation may be longer than August 2016, but it is expected to be in place by December 2016.</p>

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5	Risk Area: IT Systems and Management Information				
5.2	<p>Reporting Restrictions - OHS</p> <p>Those with access to the purchasing, stock and invoice processing within OHS should be identified to ensure that this is reasonable.</p> <p>It should be identified whether it is possible to run the following reports:</p> <ul style="list-style-type: none"> • Stock held by physical location • Stock levels vs. minimum / maximum stock levels. <p>If available, these should be reviewed regularly to ensure that the level of stock held outside of main stores is monitored and to ensure stock levels are held in accordance with set limits.</p> <p>Priority: Medium</p>	<p>Agreed</p> <p>Stores and Procurement Manager:</p> <p>Since the transfer to OHS there have been real problems with some reporting. For example, stock descriptions in some reports do not match the stock number (<i>Audit Comment: this is also an issue identified in reports obtained from OHS by Internal Audit</i>). In other reports, items are identified as being on order that have never been ordered.</p> <p>There is therefore more work required to ensure system reporting is fit for purpose.</p> <p>Head of Corporate Finance:</p> <p>It should be possible to identify stock by physical location if it is set up that way in the system; it effectively needs to be set up as a separate warehouse in the same way as is one for imprest van stock.</p>	<p>Systems Development Manager in conjunction with Warehouse Manager</p> <p>May 2016</p>	2	<p>A request is with IT to get physical locations set up so that these can be reported on. Also checking on the status of the development of the stores reports with IT.</p> <p>Completion date: September 2016 (subject to no technical issues arising)</p>

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