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**Stores and Equipment
Management**
Follow Up
February 2017
(Final)

Swindon Internal Audit Services: Stores and Equipment Management Follow Up 2016/17**Contents and Distribution****Contents**

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Report Distribution – Final Follow-up Report issued on 9th February 2017 to:

Head of Streetsmart
Transport and Stores Manager
Warehouse Manager
Tool and Plant Coordinator
Head of Corporate Finance

Auditor:

Senior Auditor

Swindon Internal Audit Services: Stores and Equipment Management Follow Up 2016/17

Executive Summary

Background

Stock issued by Stores and the management of tool and plant equipment through Fleet, is a vital component of ensuring frontline delivery is operated efficiently and effectively. The maintenance of equipment is also important for ensuring the Health and Safety of staff and the public. There is also a financial risk to the Council in the event of loss or misappropriation of these assets.

An audit of Stores and Equipment Management took place in March 2016 and found that there were significant improvements required to ensure controls were fully reliable. The Council's Head of Corporate Finance, Head of StreetSmart and the Warehouse Manager attended Audit Committee in June 2016 and provided an update as to the implementation of recommendations. At this meeting, the Audit Committee requested that a further follow up review be conducted in six months' time. This review has therefore been conducted to provide the Audit Committee with assurance regarding the implementation status of recommendations and any issues that remain outstanding.

Audit Opinion

Significant improvements required. The Auditor completing the review has concluded that existing procedures still need to be improved to ensure that they are fully reliable. A significant recommendation remains outstanding to improve a missing or failing control. This, combined with the high impact of the system, gives an overall assessment of risk to the Council **of concern**.

Key Messages

Since the previous audit, there has been clear engagement of responsible officers to undertake improvements and implement the recommendations from the original audit. As a result, fourteen of the eighteen recommendations made in the previous audit have either been implemented or partially implemented.

One key, high risk recommendation has not yet been fully implemented, which relates to the introduction of a new tool and plant equipment register. An old and unsupported version of DATAstox is still currently in use as the equipment management system and therefore the inherent risk to the safety of staff (and the exposure to the Council that this presents) means it is not appropriate to change the level of audit opinion at this stage. It should be clear that the responsibility for this recommendation is the Fleet and Workshops Team (rather than Stores), who are progressing with the process of implementing a new software system, it is understood that the system has received IT approval and will now be procured (after which further time will be required to ensure records going forward are up to date and reliable).

Regarding Stores specifically, the follow up has found that there are no outstanding high risk areas and any remaining, lower priority recommendations not yet fully implemented are considered to be in hand and covered within the current Stores Action Plan.

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Context

Equipment and stores management is a vital part of the supporting infrastructure to ensure frontline services are able to operate effectively and efficiently. As well as ensuring equipment is available there is also the requirement to ensure the equipment is in safe working condition.

Due to the nature of the work, equipment and stock may be stored across different sites and staff may also store equipment and materials e.g. in their vans, for use out in the field. Therefore, it is imperative that there is a structured programme in place to ensure stock and equipment is available and in safe, working order. The Council's Financial Regulations provides the framework to support the security and disposal of assets.

An audit of Stores and Equipment Management took place in 2015/16 and found that there were significant improvements required to ensure controls were fully reliable. As the overall risk assessment to the Council was deemed to be 'of concern,' the Audit Committee required that an update be provided by the Service Area.

The Council's Head of Corporate Finance, Head of StreetSmart and the Warehouse Manager attended Audit Committee in June 2016 and provided a position statement in relation to the implementation of the original internal audit recommendations and also responded to members' questions where necessary.

The Audit Committee requested that a further follow up review be conducted in six months' time; this review has therefore been conducted to provide the Audit Committee with assurance regarding the implementation status of recommendations and any issues that remain outstanding.

Key improvements and changes made since the last audit

The following improvements in controls and practices have been noted as taking place since the last audit review:

Governance

- In early 2016, just prior to finalising the original Internal Audit report, a restructure of the Depot Operations function took place to provide additional capacity across fleet, stores, depot management and the Council's operator's licence. The Stores and Procurement functions were separated in this restructure and the responsibilities for fleet and stores is no longer part of the old Depot Operations Manager role.
- A new post of 'Transport and Stores Manager' has been created, which sits above a newly created 'Warehouse Manager' (who has direct responsibility for stores) and the 'Fleet and Workshop Manager' (who has responsibility for tool and plant equipment).
- A Business Plan for the Stores and Fleet Workshop functions is in place for 2016/17 which outlines key plans for the service. A specific Stores Action Plan is in place for 2016/17, which includes planned delivery dates and RAG rating of tasks associated with the initial Internal Audit recommendations. The end of December 2016 was the timeframe for outstanding actions to be completed, but some are taking longer to complete.

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Tool and Plant Equipment

- A newly created 'Tool and Plant Coordinator,' (reporting directly into the Fleet and Workshop Manager) is now in post. The Tool and Plant Coordinator has the responsibility for securing improvements in the equipment management process and has been out to different departments to list items of tool and plant that are in use and to reclaim obsolete and unsafe items. Some items previously assumed lost have been located, but there are still many items that have not been found.
- Further plans are being discussed to introduce further controls of tool and plant. For example, a new store space has been secured and is being prepared to act as a base for all tool and plant issues to staff. The Tool and Plant Coordinator will have more control over the purchase and management of inventory. Once there is a better record of items, there are plans to reduce the level of hire, by better identifying equipment on hand and keeping a small holding of equipment that can be used temporarily i.e. when an item is to be serviced. However, this is budget permitting as there is not presently a tool and plant budget (although a reduction in hires is expected to be able to offset this cost).
- Smartwater (an anti-theft traceable liquid that carries a unique forensic 'code' which is registered to an address or location) is used on all plant and equipment to act as a deterrent to theft of items.

Stores

- Most stock items have been incorporated into main stores. Stock is still stored elsewhere in the Depot, mainly due to space issues, where this is the case, further access controls have been imposed.
- Recommendations regarding access into main stores have been implemented.
- CCTV is now in place throughout the store.
- There is still no insurance coverage for van stock, but there is evidence that, as recommended, this issue has been reviewed and discounted at present due to the likely costs outweighing the benefits of coverage. The Insurance Manager informed the Auditor that monitoring of claims in this area will take place over the next twelve months to assess if there is a business case for this type of insurance in future.
- Management information packs are now in place for most trades; these are taken from the Open Housing system and provided to Managers at the start of each month, and then followed by a meeting between Stores and the department to discuss feedback and any issues arising.
- Stock takes have been completed in March and September 2016 and the Warehouse Manager is to continue scheduling these biannually.
- The Warehouse Manager has also introduced weekly 'cycle checks' whereby a specific location within main store is chosen each week and stock checked. Accuracy during these checks is only at approximately 75%, which the Warehouse Manager stated was not ideal, but initial accuracy was reported at 42% and so there is evidence that this is improving. Most errors are the result of human error in the issuing or picking of items. Accuracy figures are published in the staff room notice board and discussed with staff.
- Stores aim to undertake stocktakes of two vans a week, with each van checked at least annually. The schedule is currently being reviewed to marry up stocktake of vans with the time they are serviced, to eliminate the time vehicles are off road. However, this scheduling still needs to be finalised.
- A lot of obsolete stock has been identified and segregated and is awaiting the development of disposal procedures before being written off.
- Fleet imprest stock is no longer in use. Fleet stock has been incorporated into main stores and is managed by the Warehouse via the use of the Fleetmaster system. All records are electronic and paper job cards are no longer in use.

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Outstanding areas of concern / risk

The following areas of concern remain outstanding since the last audit. Some of these are being implemented (**Appendix C**)

- DATAstox is still used as the equipment management system and the version of the system currently in use is old and no longer supported by the software provider. The procurement of its replacement (or renewal) has now been approved and it is expected that this will now be in place in February 2017. Until in place, there is a key risk around safety. At present, there is not an accurate record of equipment in use and no clear process for flagging service of items to ensure they are safe to use. If items are used when out of service, the Council could be liable for damages in the event of an accident. The cost of the system (currently estimated at approximately £13,000 over a five year period) appears therefore to provide value for money and should be implemented as a matter of priority.
- Out of Hour (OOH) stock issues are still in use and the Warehouse Manager confirmed these are unlikely to be stopped in the foreseeable future. The Open Housing system cannot report specifically on OOH issues and managers are not currently notified of issues of stock in their area, unless there is an issue with the S-ticket (booking out) procedure. This may present a risk that abuse of the system goes unnoticed.
- There is not a documented procedure for direct purchases (i.e. the purchase of non-stock items) and still not currently a formal feedback process for staff to request items to be added to stock, where necessary. The update to the Audit Committee in June 2016 referred to the creation of a pro forma requiring 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 prior to purchase / incorporated into stock. This has not been progressed. The Warehouse Manager has regular meetings with the Senior Procurement Officer to discuss items that are regularly ordered via direct purchasing. However, although reports are run from the Open Housing system, the Warehouse Manager was concerned that it is not always clear what items have been ordered and whether items ordered are / should be available in stores, or to notice trends in similar types of items. In addition, items that are ordered via direct purchasing do not currently get entered onto the stock system. Further work in this area is therefore required for direct purchases to be secure.
- As per the original audit finding, so long as an S-ticket is appropriately authorised and has been attributed to a cost or job code, Stores will issue the stock. Stores staff are not in a position to know whether the stock that has been booked out is reasonable. This is the responsibility of the Trade Supervisors and Managers, who should check that issues to their staff are reasonable when reviewing jobs. During the last audit it was difficult to conclude on the efficacy of controls in this area as there was a lack of engagement from Trade Supervisors when contacted for their views. This Audit has focussed on controls within Stores and therefore no further testing in this area has been undertaken for this follow up. A themed review of individual monitoring within trades may be necessary in future.
- Although regular stock takes have been introduced, there are some issues with procedures that require improvement. For example, introducing independent stock takes and signoff outside of Stores, the inclusion of stock outside of main stores (e.g. fleet stock, waste bags, street lighting), increased reporting of results and the creation of written procedures to guide the process.
- Procedural notes are not yet fully documented. It is understood that to date, five have been completed.
- Officers using the Stores module on Open Housing are still reporting issues with its functionality. Some concerns have been raised (and witnessed by the Auditor) of 'glitches' within some records of stock and of the system's reporting capabilities. There is a need to continue to monitor the use of the system to ensure it is fit for purpose (although the cost benefits of replacing the system may not be realistic).

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New / emerging areas of concern / risk

The following additional areas of concern have been identified during the review:

- Security staff currently based at Waterside are due to move to the Civic offices from 19th December 2016 and a permanent security presence at the Depot will no longer be in place. This will be replaced with a mobile patrol for both normal opening and out of hours. Although continued 24/7 monitoring of the site will take place via CCTV and Security staff will travel from the Civic when an out of hours issue is required, there could be a risk to the security of Stores.
- Within the Business Plan for 'Warehouse Fleet and Workshop Services' there is a priority to create "a culture of effective performance monitoring" and to "Develop Management Information and actively benchmark performance." However, at present there is not a clear performance framework in place and no KPIs in place to measure stores performance. Baseline data referred to in the Business Plan has not yet been established and therefore no benchmarking is currently undertaken.
- A disciplinary investigation covering allegations of the theft of parts from stock, which was conducted at the same time of this audit review, found the lack of reliable stock records on vans and the lack of control in the use of S-tickets, as noted in the section above. Due to these weaknesses, determining whether an employee had stolen parts was difficult and resulted in a prolonged investigation.

Overall Opinion

Materiality and Impact: High: The management of equipment and stock is a vital component of ensuring frontline delivery is operated efficiently and effectively. Maintenance of equipment is important for ensuring the Health and Safety of staff and the public. The stock valuation for Stores (main stores only) at the time of the last stocktake in September 2016 was approximately £377,000, and stock is issued through stores on a daily basis. There is also therefore, a fairly significant financial risk to the Council in the event of these assets being lost or stolen.

Status of Recommendations: Of the recommendations made in the previous audit, there are eight that have been fully implemented and a further six that have been partially implemented. Two (relating to the production of Stores procedures) remain entirely outstanding. Some recommendations that relate to actions required outside of Stores have been considered complete, where stores have satisfied their responsibilities for the recommendation.

A summary of the original recommendations and the implementation status is as follows:

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Priority of Recommendations	Implemented	Being / Partially Implemented	Not Implemented	Other
High	3	3	0	0
Medium	4	3	2	1
Low	1	0	0	1
Total	8	6	2	2

Key findings of this follow up have been summarised above, with a full overview provided at **Appendix C**. Those referred to as 'being or partially implemented' will require further action, as directed.

Opinion on system controls: Significant improvements required (see Appendix A) i.e. the Auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.

Overall Assessment of Risk: the combination of the high impact of the system, along with the opinion on the system controls gives an overall risk assessment to the Council as being **of concern**:

		MATERIALITY AND IMPACT		
SYSTEM CONTROL		High	Medium	Low
1	High standard	Moderate	Minimal	Minimal
2	Satisfactory	Moderate	Moderate	Minimal
3	Significant improvements required	Of concern	Moderate	Moderate
4	Fundamental weaknesses identified	Significant	Of concern	Moderate

APPENDIX A

Standard Audit Opinions

The audit opinion is based on two different criteria the first is materiality of the system and its impact on the Council if there was a system failure. This has been split into High, Medium or Low.

The second criteria is the standard of control found within the system audited. This has been categorised into 4 different levels i.e. high; satisfactory; significant improvements required and fundamental weaknesses identified. Each of these categories has a standard opinion (see below).

The combination of these two factors gives an overall risk assessment to the Council of one of four scores i.e. significant, of concern, moderate or minimal (see Overall Opinion section in the main report).

Standard Audit Opinion System Control

Audit Opinion 1. *High standard*

The auditor completing the review concluded the significant controls are in place and operating effectively and only minor recommendations have been made

Audit Opinion 2. *Satisfactory standard*

The auditor completing the review concluded that most of the significant controls are in place and operating satisfactorily although some non-compliance was identified and therefore there is scope for improvement.

Audit Opinion 3. *Significant improvements required*

The auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.

Audit Opinion 4. *Fundamental weaknesses identified*

The auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.

Acknowledgements

Internal Audit would like to acknowledge and thank the following Officers who contributed to the review:

Job Title

Warehouse Manager

Plant and Tool Coordinator

Stores Supervisor

Head of Corporate Finance

Head of StreetSmart

Transport and Stores Manager

Update on Original Audit Recommendations and Management Responses - December 2016

General Management Response from the Transport and Stores Manager

I would like to take this opportunity to thank the Audit team for all of their hard work and assistance in the generation of this much needed audit of the Stores function. Although there are still some outstanding items, these are recognised and are to be addressed in order for Stores to gain further compliance. I would also like to draw attention to the significant journey that the Stores Team have been on over the last 12 months and highlight the significant steps taken by the team to improve the operation, as well as the positive attitude of those involved in making the recommendations of the audit report a reality.

A significant step is the approval for the procurement of the Tool & Plant management system, Datastox. I envisage this as being instrumental in the management of our higher risk items, namely the Tool & Plant equipment used by SBC, and am confident that this will drive significant improvements and compliance in this area.

Finally, I would like to thank the Audit Team for their professionalism, approachability and assistance to date, and look forward to forging strong relationships between our functions in the future.'

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
1	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.</p> <p>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>Responsible Officer and Timescale: Fleet and Workshop Manager in conjunction with Head of StreetSmart, August 2016</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>Status: Being Implemented</p> <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>	<p>Status: Being Implemented</p> <p>Equipment (i.e. tool and plant) is managed within Fleet, rather than Stores.</p> <p>Reporting into the Workshop Manager, a Tool and Plant Coordinator is now in post, with responsibility for getting the equipment management process in place. This is currently ongoing, but is dependent on a new system being procured.</p> <p>A Business Case for the replacement (or renewal) of the old DATAstox system has now been approved and is in the process of being procured. The system is expected to be in place in February 2017.</p> <p>Until the new system is in place, there is a key risk around safety. The new proposed system will be capable of flagging service dates with the Tool and Plant Coordinator and the manager responsible for items. At present, there is still a manual element of notifying people of services due, which is difficult as the details recorded in DATAstox are out of date. If items are used when services are out of date, then the Council could be liable for damages in the event of an accident, and there is a risk of injury or death to those using the equipment.</p> <p>New 'accountable procedures' that were to be developed (as per the update in June) have not yet been produced, due to other priorities.</p> <p>Priority: High</p>
<p>Management Response by the Transport and Stores Manager :</p> <p>The business case for the Datastox system is now approved and I am confident that the procurement will be complete within 2-4 weeks. The T&P Coordinator currently runs a manual spreadsheet to monitor the Health & Safety status of equipment and I am confident that this is working well in the interim whilst we wait for the full integration of Datastox.</p>				

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
2	Risk Area: Security and Storage			
2.1	<p>Stock Locations Wherever possible, all stock should be brought together and stored securely in one location. 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>Responsible Officer and Timescale: Warehouse Manager, June 2016</p>	<p>Agreed Stores and Procurement Manager: 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. 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. 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>Status: Being Implemented 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. A more secure area within the old warehouse is being created to accommodate the excess / obsolete stock ready prior to auction. Completion date : December 2016</p>	<p>Status: Being Implemented (no longer deemed high priority due to action taken)</p> <p>Stores Most items are now within main stores, although there is still stock stored elsewhere in the Depot, mainly due to space issues. Where this is not possible, further access controls have been imposed. Some obsolete stock is being stored in the Old Stores awaiting disposal. Identifying obsolete stock is on the Stores' current Action Plan and is still in the process of being completed. There is some stock still to be identified and some small items in the old store (e.g. old fireplaces and single pane glass) that remain in need of securing, but this recommendation is no longer considered high priority.</p> <p>Vans Imprest stocks have been rolled out to all plumbing staff and electricians, with gas fitters being rolled out presently. Each van has its own unique stock location in OHS. Stocks are replenished weekly. The Warehouse Manager meets with managers regularly to review the stock on vans and to discuss whether there are issues with this and to adjust imprest stocks accordingly. The value of van stock (according to Stock Status Report run on 9th December 2016) is approximately £150,000, with average stock holdings of £3,000).</p> <p>Priority: Low</p>
<p>Management Response by the Transport and Stores Manager : Significant steps have been taken by the Warehouse Manager and his Team to identify, reduce and dispose of all stock around the depot. We currently have circa 70 pallets of obsolete stock awaiting disposal by auction, this forms a bulk of stock outside of the main store. The Warehouse Manager is actively engaging with services to identify remaining stock and reduce/remove as appropriate. The small items identified by the Auditor in the old store are now secure and all stock has now been identified.</p>				

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
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>Responsible Officer and Timescale: Warehouse Manager, June 2016</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>Status: Being Implemented</p> <p>Staff reminded of closing the shutter door at Tool Box talk 02.06.16 and this is being monitored daily. 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 health and safety implications need to be considered, in particular in the event of a fire 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. 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. All activities have been completed with the exception of the badge controlled door. This will be completed by the end of July 2016.</p>	<p>Status: Implemented</p> <ul style="list-style-type: none"> Key points have now been installed on the outside of the door so that the door can be easily shut from the outside when vehicles have exited. Observation whilst on site (albeit restricted to two visits) was that the shutter door was shut. Side door access has been removed and the door is now only a push bar fire door, opening outwards. The fire door between Fleet and Stores has not been alarmed, but cannot be used to provide access between stores and fleet. Store hours have also been extended on a Friday to cover the Fleet Workshop hours and therefore this has restricted the need for fleet staff to have access. The office door is now locked from the inside and access to stores is no longer possible without a key. The counter is opened via two concealed bolts on the stores side. Staff could technically jump this barrier, but the area around the counter should be manned and CCTV also covers this. No valuable stock is accessible from the customer side.

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
2	Risk Area: Security and Storage			
2.3	<p>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.</p> <p>Priority: High</p> <p>Responsible Officer and Timescale: Warehouse Manager and Depot Manager, April 2016</p>	<p>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.</p>	<p>Status: Implemented 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.</p>	<p>Status: Implemented CCTV is now in place throughout the store. There are a small number of 'dark areas' that are technically not covered by the CCTV (due to narrow isles), but the entrance to these areas are covered by CCTV. The Security Manager was asked to comment on the coverage and he was satisfied that all areas, entrances and exits were sufficiently covered, with images recorded and monitored 24/7.</p>
2.4	<p>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.</p> <p>Priority: High</p> <p>Responsible Officer and Timescale: Depot Manager in conjunction with Warehouse Manager and Security Manager, July 2016</p>	<p>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.</p>	<p>Status: Being Implemented (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</p>	<p>Status: Implemented (in relation to stock) The wider issue of access to the rest of the Depot has not changed, but for the purposes of Stores, this is considered complete, as per AP2.2.</p>

Swindon Internal Audit Services: Stores and Equipment Management Follow Up 2016/17

Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
2	Risk Area: Security and Storage			
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> <p>Responsible Officer and Timescale: Warehouse Manager in conjunction with Insurance Manager, April 2016</p>	<p>Head of Corporate Finance: Agreed</p>	<p>Status: Being Implemented</p> <p>Currently reviewing cover with the Council's insurers. This should be completed by the end of July 2016.</p>	<p>Status: Implemented</p> <p>Insurance coverage of van stock is still not in place, but there is evidence that this issue has been reviewed and discounted at present due to the likely costs outweighing the benefits of coverage.</p> <p>The Insurance Manager informed the Auditor that they intend to start reviewing and monitoring these types of claims to assess if the business case is there for this type of insurance in future. It was reiterated that the advice to staff who park vehicles at home overnight is that they are asked that where practical, tools and equipment are stored in their house overnight, although this is not always practical and so there is a level of risk exposure to an uninsured loss.</p> <p>The Insurance Manager also stated that this risk is understood and in the event of a claim the service area would be charged for the loss.</p> <p>In regards to current cover, the Insurance Manager confirmed that the Council insure on a combined building and contents sum insured basis and therefore there is not a specific amount that relates to contents, but the insurers generally assume around 10% of the sum insured relates to contents.</p>

Swindon Internal Audit Services: Stores and Equipment Management Follow Up 2016/17

Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
2	Risk Area: Security and Storage			
2.6	<p>Out of Hours (OOH) It should be explored whether there is a way of identifying out of hour issues on the Open Housing System. 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. 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>Responsible Officer and Timescale: Warehouse Manager, May 2016</p>	<p>Stores and Procurement Manager: Agreed 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: 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>Status: Being Implemented OOH tickets are being reviewed for accuracy and correct completion, if not the issue is being raised with appropriate managers and Security. A review is also being undertaken on the use of the OOH facility with a view to reducing or removing the requirement. Completion date: August 2016</p>	<p>Status: No further action required outside continued monitoring of OOH issues OOH issues are still in use and the Warehouse Manager stated it is unlikely that these will be stopped all together. The Open Housing system cannot report specifically on OOH issues. Managers are not notified as a matter of course of when there is an OOH issue of stock in their area, unless there is an issue with the S-ticket (booking out) procedure. The Security currently based at Waterside is due to move to the Civic from 19th December 2016. There will be day and night mobile patrol of the Waterside site and out of hours will still be managed by Security, but via callouts as requested. Continued 24/7 monitoring of the site via CCTV will also be in place. The Security Manager confirmed that no issues with theft have been picked up through CCTV and no issues have been reported for review.</p>

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
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>Responsible Officer and Timescale: Senior Procurement Officer (Waterside), in conjunction with Warehouse Manager, July 2016</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>Status: Being Implemented</p> <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>	<p>Status: Partially Implemented</p> <p>There is not a documented procedure for direct purchases or a formal feedback process for staff to request items to be added to stock (the update in June referred to the creation of a pro forma requiring 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 prior to purchase / incorporated into stock. This has not been progressed).</p> <p>The Warehouse Manager has regular meetings with the Senior Procurement Officer to discuss items that are regularly ordered via direct purchases.</p> <p>However, although reports are run from Open Housing, the Warehouse Manager was concerned that recording of what is being ordered is not always clear and this makes it difficult to identify in reports whether items ordered are / should be available in stores, or to notice trends in similar types of items.</p> <p>In addition, items that are ordered via direct purchasing are not entered into the stock system and therefore there is less control of monitoring the stock ordered.</p> <p>Further monitoring of work in this area is required for direct purchases to be secure.</p> <p>Priority: Medium</p>
<p>Management Response by the Transport and Stores Manager :</p> <p>Direct purchasing remains an area for improvement. The Warehouse Manager is currently investigating the opportunity to have all direct purchasing activities under the control of Stores, which will bring greater control around this. The reporting within OPEN Housing continues to be inaccurate and the Warehouse Manager is making continued efforts to identify and improve on the reports generated within OPEN.</p>				

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
3	Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment			
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>Responsible Officer and Timescale: Head of StreetSmart, in conjunction with Head of Infrastructure Assets and Warehouse Manager, April 2016</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>Status: Being Implemented</p> <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>	<p>Status: Implemented (in relation to stores)</p> <p>As per the original finding, so long as an S-ticket is appropriately authorised and has been attributed to a cost or job code, Stores staff will issue the stock. They are not in a position to know whether the stock booked out is reasonable. This is the responsibility of the Trade Supervisors and Managers, who should check that issues to their staff are reasonable.</p> <p>During the original audit, it was difficult to conclude on the efficacy of controls in this area as there was a lack of engagement from Trade Supervisors when contacted for their views. The two (out of ten) that replied, admitted at the time there was no definitive method of checking misuse and it is possible for an employee to accumulate a certain amount of materials.</p> <p>So far as Stores is concerned, Management Information packs are now in place for most trades (taken from Open Housing). These are provided by Stores to Trades at the start of each month, and then followed up with a meeting to discuss feedback / issues.</p> <p>Reports include information on direct orders, stock issues (to whole trade and by individual where available) and PPE.</p> <p>No further testing in this area has been undertaken for this follow up, but a themed review of individual monitoring within trades may be necessary in future.</p>

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
3	Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment			
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>Responsible Officer and Timescale: Warehouse Manager, June 2016</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>Status: Implemented</p> <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. A stocktake procedure meeting took place 08.06.16.</p> <p>All processes will be documented as part of the process improvement work.</p>	<p>Status: Partially Implemented</p> <p>Stocktakes of main stores stock were completed in March and September 2016¹ and are planned biannually in future.</p> <p>Weekly cycle checks are also in place and evidence of these being conducted was confirmed on site. Accuracy is only at approx. 75%, which the Warehouse Manager acknowledged was not ideal with errors mostly down to human error in the issuing or picking of items, but this is up from 42% when these were first introduced. Accuracy figures are published in the staff room notice board and discussed with staff as necessary.</p> <p>Stores also aim to undertake a stocktake of two vans a week, with each done at least annually. In future, it is planned to align checks with when vehicles are being serviced within fleet to eliminate the time vehicles are off the road, but this is still being reviewed. Managers are currently being notified of issues arising from these checks, but are not provided with the results as a matter of course.</p> <p><i>Despite progress in this area, there are a number of further issues that should be addressed for procedures to be fully secure. These are outlined overleaf:</i></p>
<p>Management Response by the Transport and Stores Manager :</p> <p>Progress is being made on stock takes by the Warehouse Manager and the need for improved accuracy is communicated to all. Sadly, inaccurate report generation within OPEN continues to be the Achilles heel for stores improvement efforts. The Warehouse Manager is currently writing procedures and SLA for van stock checks. The need for independent stock checks is recognised as an area to develop further going forward.</p>				

¹ The September stocktake records were reviewed for the audit of main stores stock. The pre-count total of stock was £406.3k and post-count values were £377.8k, a difference of £28.5k. This was investigated and an anomaly found for one item (ES9991- lamp columns) where 256 items were recorded in the pre-count, but 75 identified in the count. Upon investigation, there was no evidence on the system that 256 items were ever ordered or held and therefore this appears to be a system error (the likes of which were noted in the original audit and reported on at AP5.2 - see below). This error amounts to £27.3k of the difference. As a further quick audit test, five stock numbers were selected randomly and traced to their location. All were found to be correct.

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
3	Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment			
3.3 cont.	<p>Stock Take Outstanding Issues</p> <ul style="list-style-type: none"> The stock checks (and cycle counts) undertaken only relate to main stores; these have not included fleet stock and have not included stock held in other locations at the Depot. The Warehouse Manager has been working to identify and locate all outstanding stock not in main stores (as per AP2.1) and once this task is complete, future stocktakes will include all areas and a true value of stores stock will be available. <i>It is understood that all outstanding stock has now been identified.</i> When the Open Housing system is adjusted after a stocktake, the differences are effectively written off. The Warehouse Manager is the budget owner of the stock and so these are authorised to be written off in this way. However, it is not clear whether these should require an additional level of oversight to ensure segregation of duties independent of Stores. The Warehouse Manager stated that since completing the September 2016 stocktake, the results have not been reviewed by anyone outside of Stores, despite being available for review. Write offs / adjustments of imprest van stocks are also treated as belonging to Stores and losses absorbed by the Stores budget, despite them having no control of the stock when on vans. No stocktake procedures have been produced or agreed. An SLA for vans is being looked at to outline the expectations for preparation of vans for stock checking and the timeframe in which checks will be delivered, but this has not yet been completed. Stock checks are currently carried out by Stores staff and so are not yet independent. This is an objective in future, but currently not the case and therefore should be reviewed as necessary. The cycle checks report on the number of items only. The monetary value of differences are not currently recorded or reviewed. Stock values in Open Housing fluctuate and are based on cost of items when they were purchased and so do not necessarily provide an accurate value of stock held (especially as there is not a first in / first out procedure in place). Furthermore, Open Housing does not acknowledge that a stock count has occurred if there are no variances recorded between pre and post counts. See also AP5.2 for Open Housing. <p>Priority: Medium</p>			

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
3	Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment			
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>Responsible Officer and Timescale: Warehouse Manager, April 2016</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>Status: Being Implemented</p> <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>	<p>Status: Partially Implemented</p> <p>There is not a stores-specific disposal policy in place, although Finance Regulations do provide guidance in this area.</p> <p>Disposals have not actually taken place yet but the Warehouse Manager has been working to identify obsolete stock. The stock identified has been segregated into a single area and Service Managers consulted on whether the stock is still required. As in AP2.1, this stock currently totals approximately £63,000, but there is likely to be further items to be identified (with some missing items requiring write off).</p> <p>It is still to be confirmed how the items will be disposed of. The Warehouse Manager and Transport and Stores Manager have met with an auction house to establish the potential process, but there may also be some items that are scrapped, or offered publicly on a more informal bid basis.</p> <p>Once these disposals of obsolete stock have been completed, the Warehouse Manager will be moving on to slow moving and surplus stock.</p> <p>Priority: Medium</p>
<p>Management Response by the Transport and Stores Manager :</p> <p>All surplus stock is currently awaiting disposal via auction. Once completed, the Warehouse Manager is to develop a formal stores disposal policy.</p>				

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
3	<i>Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment</i>			
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>Responsible Officer and Timescale: Warehouse Manager in conjunction with Waterside Integration Programme Manager, December 2015</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>Status: Implemented</p> <p>Since December 2015 fleet stock has been moved into stores and is controlled by the stores operators.</p> <p>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>	<p>Status: Implemented</p> <p>Fleet imprest stock is no longer stocked. Risk terminated.</p>
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>Responsible Officer and Timescale: Warehouse Manager in conjunction with Waterside Integration Programme Manager, December 2015</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>Status: Implemented</p> <p>December 2015 fleet stock is controlled through Fleetmaster using a barcoding system. Stock levels are controlled and managed through the stores service.</p> <p>The system is fully electronic.</p>	<p>Status: Implemented</p> <p>Fleetmaster is electronic and paper job cards are no longer in use. Risk removed.</p>

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
3	<i>Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment</i>			
3.7	<p>Performance Management / Culture The revised Stores Procedures should include responsibilities of staff for stock and equipment. 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>Responsible Officer and Timescale: Head of StreetSmart in conjunction with Head of Warehouse Manager, March 2016</p>	<p>Head of Corporate Finance: Agreed</p>	<p>Status: Being Implemented 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. Completion date: December 2016</p>	<p>Status: Not Implemented This is the responsibility of managers and supervisors, rather than Stores and has therefore not been followed up on during this follow up. It should be noted however that Stores procedures are still to be written (see AP4.2, below).</p>
<p>Management Response by the Transport and Stores Manager : Progress has been made on the documentation of procedures. Since the internal audit fieldwork was completed, five procedure notes have been prepared.</p>				

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
4	Risk Area: Policy and Procedures			
4.1	<p>Stores and Procurement Project Action Plan</p> <p>The Stores project action plan should be updated and appropriate information regarding revised timescales, resource and risk should be included and monitored going forward.</p> <p>Priority: Medium</p> <p>Responsible Officer and Timescale: Warehouse Manager in conjunction with Head of Corporate Finance, May 2016</p>	<p>Agreed</p> <p>Head of Corporate Finance:</p> <p>Following some structural changes the project plan will be revisited and refreshed.</p>	<p>Status: Being Implemented</p> <p>The Warehouse Manager is now in post and will be refreshing and managing the improvement plan going forward. Completion date: July 2016</p>	<p>Status: Implemented</p> <p>A revised Action Plan is in place for the rest of 2016/17, with planned delivery dates and RAG rated tasks. The end of December 2016 is the timeframe to be working through all outstanding actions, but some are taking longer.</p> <p>Additional Finding and Recommendation:</p> <p>A Business Plan for the Stores and Fleet Workshop functions is also in place for 2016/17, outlining key plans for the service.</p> <p>The majority of priorities are in the process of being improved, but there is a gap in regards to building "a culture of effective performance monitoring" and to "actively benchmark performance." There are currently no KPIs in place to measure stores performance (the Plan expects targets in relation to reduction in costs of stock, reduction in unaccounted stock losses, reduction in direct purchase orders and requisitions) and no benchmarking is undertaken.</p> <p>Priority: Medium</p>
4.2	<p>Procedures</p> <p>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.</p> <p>Priority: Medium</p> <p>Responsible Officer and Timescale: Warehouse Manager, June 2016</p>	<p>Agreed</p> <p>Head of Corporate Finance:</p> <p>A full process review is underway which will lead to process improvements and provide up to date procedural guidance.</p>	<p>Status: Being Implemented</p> <p>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.</p> <p>Completion date: December 2016</p>	<p>Status: Not Implemented</p> <p>No procedures are yet in place - some business improvement work is being undertaken which may inform future processes, but there has not been enough time to action this at present.</p> <p>Priority: Medium</p>
<p>Management Response by the Transport and Stores Manager :</p> <p>Progress has been made on the documentation of procedures. Since the internal audit fieldwork was completed, five procedure notes have been prepared.</p>				

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
5	Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment			
5.1	<p>Reporting Restrictions - DATAstox 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. 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. 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. 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>Responsible Officer and Timescale: Fleet and Workshop Operation Manager in conjunction with Transport and Stores Manager, August 2016</p>	<p>Agreed Stores and Procurement Manager: 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. 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: Refer to AP1.1</p>	<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>	<p>Status: Being Implemented As above in AP1.1. The Horticultural Supervisor is still the only person officially trained in using DATAstox and accesses this system using a former employee's User ID and password. The back-up arrangements for this software are still unknown and the software licence remains expired and is no longer supported by the supplier. The business case process is still ongoing, but the new IT software package is now expected to be in place by the end of January 2017.</p> <p>Priority: High</p>
<p>Management Response by the Transport and Stores Manager : The business case for the Datastox system has now been approved by IT and I am confident that the procurement will be complete within 2-4 weeks.</p>				

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Ref.	Original Recommendation March 2016	Original Management Response March 2016	Update - June 2016 (Provided by Responsible Officers)	Audit Update - December 2016
5	Risk Area: Inventory, Purchasing and Disposal of Stock and Equipment			
5.2	<p>Reporting Restrictions - OHS Those with access to the purchasing, stock and invoice processing within OHS should be identified to ensure that this is reasonable. 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>Responsible Officer and Timescale: Systems Development Manager in conjunction with Warehouse Manager, May 2016</p>	<p>Agreed Stores and Procurement Manager: 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. There is therefore more work required to ensure system reporting is fit for purpose.</p> <p>Head of Corporate Finance: 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>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. Completion date: September 2016 (subject to no technical issues arising)</p>	<p>Status: Superseded The original recommendations are superseded by a more general need to ensure the Open Housing System is effective and fit for purpose. As reported above, there are many reports available for measuring performance. Management's requirements for information are being continually reviewed between Stores, Trade Teams and the Systems Development Team in Housing. However, Open Housing is still a 'bolt on' in regards to stores and is not always reliable in regards to reporting. Barcoding is still to go ahead at some point in the future and the Warehouse Manager is looking at this and how it fits with the Open Housing system. The business case for this is still being put together (which is separate to the business case discussed above in relation to a tool and plant system). It is aimed for this to be in place for the start of 2017/18.</p> <p>Priority: Medium</p>