



Derry City & Strabane
District Council

Comhairle
**Chathair Dhoire &
Cheantar an tSraitha Báin**

Derry Cittie & Stràbane
Destrìck Cooncil



Internal Audit of Stores Management

Final Follow-up Report

February 2019

Professional Standards

Internal Audit is committed to ensuring high standards of service to Derry City and Strabane District Council. Our work complies with the Public Sector Internal Audit Standards (PSIAS) which apply the Institute of Internal Auditors International Standards to the UK Public Sector. These standards are issued by the relevant Internal Audit standard setters such as the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA).

Contents

Executive Summary	3
Introduction.....	3
Objectives	4
Scope	4
Limitation of scope	4
Basis of Audit Opinion	5
Table showing current position on outstanding recommendations ...	6
Appendix (i) System Priority Level	40
Appendix (ii) Classification of Audit Assurance.....	41
Appendix (iii) Implementation Priority	42

Executive Summary

<p style="text-align: center;">System Priority:</p> <p style="text-align: center; margin-top: 20px;">Refer to Appendix (i)</p>	<p style="text-align: center; font-size: 24px;">B</p> <p style="text-align: center;">Failure to implement the recommendations could result in the failure of an important Council objective or could have some impact on a key Council objective</p>	<p style="text-align: center;">Audit Opinion:</p> <p style="text-align: center; margin-top: 20px;">Refer to Appendix (ii)</p>	<p style="text-align: center; font-size: 24px;">Satisfactory</p> <p style="text-align: center;">Overall controls are adequate and effective to provide reasonable assurance that risks are managed. While there may be some issues identified and recommendations raised, this should not significantly impact on the achievement of objectives.</p>	<p style="text-align: center;">Implementation Priority:</p> <p style="text-align: center; margin-top: 20px;">Refer to Appendix (iii)</p>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;">Category</th> <th style="padding: 5px;">Final Audit Report</th> <th style="padding: 5px;">Position Follow-up Audit February 2019</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">B1</td> <td style="padding: 5px;">29</td> <td style="padding: 5px;">16</td> </tr> <tr> <td style="padding: 5px;">B2</td> <td style="padding: 5px;">6</td> <td style="padding: 5px;">2</td> </tr> <tr> <td style="padding: 5px;">B3</td> <td style="padding: 5px;">0</td> <td style="padding: 5px;">0</td> </tr> <tr> <td style="padding: 5px;">Total</td> <td style="padding: 5px;">35</td> <td style="padding: 5px;">18</td> </tr> <tr> <td style="padding: 5px;">N/A</td> <td style="padding: 5px;"></td> <td style="padding: 5px;">1</td> </tr> </tbody> </table> <p style="font-size: 10px; margin-top: 5px;">* From these 18 outstanding recommendations, 11 have been partially implemented.</p>	Category	Final Audit Report	Position Follow-up Audit February 2019	B1	29	16	B2	6	2	B3	0	0	Total	35	18	N/A		1
Category	Final Audit Report	Position Follow-up Audit February 2019																					
B1	29	16																					
B2	6	2																					
B3	0	0																					
Total	35	18																					
N/A		1																					
	<p>Introduction</p> <p>In November 2016, Internal Audit completed an audit of Stores Management and on the basis of the audit work carried out, the controls in place over Stores Management at that time provided the assurance level of ‘Improvement Needed’. In total 14 overarching recommendations were made comprising 35 sub recommendations to strengthen the control environment. Internal Audit recently completed a follow up audit to determine whether the agreed recommendations had been implemented. This report details the findings of this follow up audit work. In summary, as a result of follow up testing Internal Audit is satisfied that progress has been made on the implementation of the recommendations and the assurance rating has now been increased to ‘Satisfactory’. However there is still some work to be undertaken to address all the recommendations fully.</p>																						



Objectives

The objective of this review was to carry out follow up audit work to ensure that appropriate action was being taken to implement the 14 overarching recommendations made in the original audit report.



Scope

The original audit encompassed a review of:

- Procedures;
- Segregation of Duties;
- Security & Storage Arrangements;
- Disaster Recovery / Contingency Arrangements;
- Insurance;
- Stock Records;
- Staff training;
- Inventories
- Receipting & Issuing of Goods;
- Stock Takes;
- Stock Levels;
- Procurement of Suppliers; and
- Accounting Treatment of Stock.

Limitation of scope

The original audit of Stores Management was finalised in November 2016. It should be noted that this follow up audit is limited to providing assurance on the implementation of the agreed recommendations from the original audit report and on the progress made to date.

Basis of Audit Opinion

The original final audit report in November 2016 resulted in 14 overarching recommendation areas, comprising 35 sub recommendations being made and the audit received an assurance rating of 'Improvement Needed'. The main recommendation areas related to the following:

- Implementation of the new FleetMinder system,
- Review of security and storage arrangements especially when the Storemen are not present,
- Improvements to the stock inventory system,
- Improvements to the stock take process
- Procurement of stock items.

A follow up audit has recently been conducted and concentrated on the action taken by management to implement the agreed recommendations. Internal Audit undertook sample testing of various areas to ascertain if improvements had been made and whether controls were in place, operating and reliable.

From the 35 agreed recommendations made in the original audit report, 16 are fully implemented, 11 are partially implemented, 7 have not yet been implemented and 1 is no longer considered applicable.

Internal Audit has also made one new recommendation within this audit report which has been agreed with management. As a result of the progress that has been made since the original audit report this follow-up audit has been given the audit opinion of 'Satisfactory'. However there is still some work to be undertaken to address all the recommendations fully.

At the time of writing this report FleetMinder has not yet been rolled out to the Strabane stockroom and garage, however management advised that this is to be rolled out imminently. Other key recommendations not yet implemented relate to the development of an all-encompassing stores manual to reflect changes in processes as a result of the implementation of FleetMinder (specific stock take procedures have been developed), the mechanics in Derry still have access to the store when the Storeperson is not present, security arrangements over the Strabane storeroom and fenced off area outside at Strabane (including review of the installation of an alarm and CCTV cover), formal cycle counts of the major items of stock are not yet undertaken throughout the year and review of variances from the next annual stock take needs to take place. In addition there are a number of recommendations partially implemented at this stage which need to be fully addressed. The current position on each of the recommendations and the details of follow up testing are set out in the 'Recommendations Progress Table' below starting on page 6.

Table showing current position on outstanding recommendations

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<u>Stock Processes within Derry and Strabane</u>		<u>Priority B1</u>	
<p>1. Stock Processes within Derry and Strabane</p> <p>Internal Audit noted that no change has been made to the store processes at either Derry or Strabane following the merger of the two councils in April 2015 to become DCSDC. Rather the processes operational at both locations are different and both are subject to control weaknesses highlighted throughout this report.</p> <p>Internal Audit noted that the new system 'FleetMinder' was procured in 2013. It is anticipated that following its implementation in the Derry store it will be rolled out to the Strabane store which will mean both systems</p>	<p>Given the delays in the implementation of FleetMinder Internal Audit recommends that Management review the processes operational at both the Derry and Strabane stores and ensure these are improved in relation to any recommendations made within this report. Internal audit would recommend that changes should be made to processes in anticipation for the new system and both stores should operate the same processes.</p>	<p>A review of current processes is currently underway on the basis that the processes in use at both locations are identical. It's intended that the Strabane store will carry only minimal stock with all major components housed at Skeoge.</p> <p>The FleetMinder system will be introduced simultaneously at both sites with the stores person at each location receiving appropriate training. Presently a significant volume of data has been migrated into the system through back office support and</p>	<p>Partially Implemented</p> <p>The FleetMinder system is currently fully operational within Derry and stock processes changed to correlate to this new system.</p> <p>FleetMinder is not yet operational in Strabane and processes remain unchanged from the time of the previous audit. However, the Fleet Manager advised that the hardware for FleetMinder has been installed and IT have connected this to the server. While some training has been undertaken further training and cataloguing of information to the system is required before this system can be fully rolled out at Strabane.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>will be the same. However the implementation of this system has been delayed and there is at present no definite timescale identified as to when it will be implemented (see separate issue identified below).</p>		<p>this is considered as a key first step in ensuring the system operates correctly when it goes live.</p> <p>All associated hardware has now been installed at the Skeoge site and FleetMinder are due to migrate data week commencing 21 November 2016. Training for both stores personnel and workshop operatives to take place concurrently.</p> <p>There is still work to be done regarding bar-coding of components within the Fleet Stores and this is planned during January 2017.</p> <p><u>Implementation date</u></p> <p>Ongoing, completion March 2017</p>	<p>The Fleet Manager estimated that FleetMinder will be fully operational at Strabane by 1st April 2019.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<u>New integrated Fleet and Stock Management System</u>		<u>Priority B1</u>	
<p>2. New integrated Fleet and Stock Management System</p> <p>No defined timescale has been identified as to when the system will become operational</p> <p>The tender exercise for this system took place in 2013 at which stage the tender was awarded to purchase the FleetMinder system. At the time of audit in October 2016 this system was still not operational. The Fleet Manager advised that the hardware was ready for delivery to Skeoge, however had been delivered to the Strand Road premises in error. The Directorate Accountant for Environment and Regeneration advised Internal audit that as at 17/10/16 the spend on this system</p>	<p>Internal Audit recommends that the implementation of FleetMinder should be established as a separate project. A realistic timescale should be established as to when the system will become operational and project management methodology applied to manage the project. As such this will break the project into a number of tasks that need to be undertaken and any dependencies in undertaking these tasks will be identified so they can be managed. Each task should be allocated to a particular individual/ group so that there is clarity over who is responsible for undertaking the task, and so that the project overall can be managed to ensure the anticipated implementation date is achieved.</p>	<p>A detailed project plan has now been completed so that the system will be fully operational by the 1st of April 2017.</p> <p><u>Implementation date</u></p> <p>Ongoing, completion March 2017</p>	<p>Partially Implemented</p> <p>As per above FleetMinder is currently fully operational within Derry but not in Strabane.</p> <p>A previous Project Plan was established for the implementation of FleetMinder in 2016/17 with timescales for completion identified for various tasks. The project plan stated that the timescales were dependent upon the appointment of a 'competent Fleet Supervisor' being in post at Skeoge. This was because this would mean the operational aspects at Derry could be overseen by the Fleet Supervisor which would free up the time of the Fleet Manager to oversee the implementation of FleetMinder at Strabane.</p> <p>A person has since been appointed to this post and the Fleet Manager anticipates that FleetMinder will be fully operational at Strabane by 1st April 2019. During fieldwork the Fleet manager developed a new project</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>was £15,633 out of the total tendered spend of £34,339.</p> <p>There is still a lot of work that needs to be undertaken to ascertain the baseline position for stock at the Derry store so that this information can be entered onto FleetMinder as the starting position. This is because the Derry office has not been keeping the inventory listing up to date (see Test 8 on page 13 below for further details). The Fleet Manager advised the plan is to get the system up and running for the Derry stock first, before rolling this out to Strabane.</p>			<p>plan specifically for the rollout of FleetMinder to Strabane.</p>
<p>3. New integrated Fleet and Stock Management System</p> <p>The system may not meet all users requirements</p> <p>There is a lack of assurance that the FleetMinder system will meet all user requirements. For example, during</p>	<p>Internal Audit recommend that all required information is captured onto the system before 'go live' otherwise unforeseen issues could arise at a later date, which may mean the full functionality and benefits of the system may not be realised.</p>	<p>A significant volume of data has been migrated into the system through back office support and this is considered as a key first step in ensuring the system operates correctly when it goes live</p>	<p>Fully Implemented</p> <p>The system has now been configured to capture information on the stock sub group description, VAT code and minimum order quantity.</p> <p>The Fleet Supervisor at Derry advised that he will extract reports from the system and</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>fieldwork Internal Audit noted that not all the required information is being captured to be transferred to the system for 'go live' i.e. the stock sub group description, VAT code and minimum order quantity are not currently being captured. However, the Fleet Manager advised this is something that can be added at a later stage when the system is operational.</p>		<p>Details entered on to the system include manufacturer's part numbers, etc. for all parts held. This is a labour and time intensive task and best carried out by those familiar with the current stock requirements.</p> <p><u>Implementation date</u></p> <p>Ongoing, completion March 2017</p>	<p>forward to both line managers and the Directorate Accountant for their purposes. He advised the Directorate Accountant would have preferred if the id was via fleet number rather than the current registration format, however he performs a workaround to obtain this information.</p>
<p><u>Procedures</u></p>		<p><u>Priority B1</u></p>	
<p>4. Procedures</p> <p>A Transport Workshop Stores Manual had been documented within the former Derry City Council, however this document has not been updated since July 2012 and relates to the Derry store only. As such there is no current manual in place for the new DCSDC.</p>	<p>Internal Audit recommend that the FleetMinder system is implemented as soon as possible. Prior to its implementation a new Stores Manual should be developed outlining clearly the new processes and procedures to be adopted.</p> <p>These procedures should address all relevant areas relating to the</p>	<p>As stated above the FleetMinder system will be fully operational by the 1st of April 2017.</p> <p>An 'all encompassing' operational manual will be compiled by Fleet Manager, Stores Operative and FleetMinder staff as part of this process</p>	<p>Not Implemented</p> <p>The Fleet Manager advised there is a generic FleetMinder Manual in place which was received from FleetMinder, but this is generic and not specific to DCSDC processes.</p> <p>Internal Audit acknowledge that since the initial audit, specific stock take procedures have been developed and communicated as outlined in recommendation 26 below. These</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
	stock process (including those highlighted within this report).	<p><u>Implementation date</u></p> <p>March 2017</p>	<p>will form part of the overall stores manual / procedure when it is developed.</p> <p>The Fleet Manager anticipates when the roll out of FleetMinder is complete within Strabane, then a new stores manual / written procedure will be developed incorporating all relevant areas specific to DCSDC processes.</p>
<p>5. Procedures</p> <p>The Strabane Storeperson advised he was not aware of any manual or stock procedures.</p>	<p>All relevant staff in both Derry and Strabane should be issued with a copy of this manual. Training should be given in these procedures and staff sign off required to acknowledge receipt of this training.</p>	<p>All relevant staff will be trained in both the operation of the system and the processes and procedures related to this.</p> <p><u>Implementation date</u></p> <p>It is envisaged that this will be completed by January 2017 and communicated to all workshop staff via workshops, toolbox talks and through practical usage.</p>	<p>Partially Implemented</p> <p>As above, an all encompassing new stores manual / written procedure has not yet been developed as FleetMinder is currently in the process of being rolled out to Strabane. However the Fleet Manager advised that preliminary training was given to Strabane staff including the storeperson on the FleetMinder processes. He advised that further training was planned for Strabane staff during February 2019, and further training will be rolled out to all staff following the development of the new manual / stores procedures.</p> <p>The Head of Environment advised that the Fleet Manager at Strabane has now been</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
			allocated responsibility as Stores Supervisor. In addition he advised since the original audit it should be noted that the Directorate Accountant had undertaken a stock count at Strabane.
<u>Segregation of duties in the Stock Control system</u>		<u>Priority B1</u>	
<p>6. Segregation of duties in the Stock Control system</p> <p>Within the Derry storeroom there is a lack of segregation of duties in the stock control system in that the storeperson is responsible for ordering items, receiving items, issuing stock and stocktaking.</p> <p>Within the Strabane storeroom there is also a lack of segregation of duties in that the storeperson is responsible for ordering items, receiving items and issuing stock.</p>	<p>Internal audit acknowledge that the implementation of FleetMinder will address some of the segregation of duties issues. However until FleetMinder is operational Internal Audit recommend that the current operation of the following processes is reviewed at both locations and segregation of duties inbuilt.</p> <p>These processes are:</p> <p>a) ordering items; (b) receiving items;</p>	<p>A Fleet Supervisor will be in place at each location to oversee the works of the store man. Each supervisor will validate and countersign each of the purchase orders prior to these going to the Fleet Manager for final sign off.</p> <p>As stated above it is intended that the FleetMinder system will be operational by 01 April 2017. This is however pending the recruitment of a permanent Fleet Supervisor at Skeoge who will be</p>	<p>Fully Implemented</p> <p>Internal Audit were advised that segregation of duties is now inbuilt to the stock control system.</p> <p>Within Derry the Storeperson is responsible for ordering and receiving items however the purchase order itself would be authorised by the Fleet Supervisor and the Fleet Supervisor also maintains his own logbook as a check of goods being ordered and received. The payment is authorised by the Fleet Supervisor (or Fleet Manager dependent upon value) after being checked to the purchase order. The Storeperson is responsible for the issue of goods to individuals after scanning these out of FleetMinder by scanning the barcode</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
	<p>(c) authorising payments; (d) issuing stock; (e) amending/adjusting balances on the computer system; (f) stocktaking.</p> <p>If this is not considered feasible given the limited amount of persons involved in stock management at each location, then Internal Audit recommend that compensatory controls are applied such as supervision.</p>	<p>core to the successful functionality of the system.</p> <p>This post will be readvertised during December 2016.</p> <p><u>Implementation date</u></p> <p>March 2017</p>	<p>of the part in question. Any amendment of adjustment of balances on FleetMinder following a stockcount would be undertaken by the Fleet Supervisor or Fleet Manager (although the Fleet Manager advised that this has not been undertaken yet as the next full stockcount is not scheduled until year end). Numerous levels and grades of staff are now involved in the stock take process with staff working in pairs.</p> <p>The Fleet Manager advised that within Strabane the Storeperson or Store Supervisor would raise purchase orders and these are now authorised by the Store Supervisor or Supervisor Derry or Fleet Manager (dependent upon value). Internal Audit were advised that the last stock count that took place in Strabane was undertaken by the Storeperson alongside the Directorate Accountant.</p>
<u>Security and Storage Arrangements</u>		Priority B1	
<p>7. Derry Storeroom (a)</p> <p>Due to the small size of the store and lack of space some items are stored in</p>	<p>Internal Audit acknowledge that consideration is currently been given to moving the store location at Derry. Internal Audit recommend that the</p>	<p>As stated a critical review of current arrangements is underway and all recommendations as highlighted</p>	<p>Fully Implemented (considered by management and deemed not feasible)</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>separate areas in less secure locations – i.e. general stores and compressor room. Entry to the main store is via a door and there is also a hatch over which the goods are dispatched. However Internal Audit noted that it would be possible to jump the hatch, if it was opened. Also Internal Audit noted for operational reasons the compressor room is left unlocked during the day and reliance is placed upon those taking food bags and oil spill products from this room to note in the records left in this room that these have been taken.</p>	<p>considerations highlighted within the findings section of this report are taken into account when deciding the new location of the store.</p>	<p>in this report will be implemented as part of this process.</p> <p>As above, attempts to recruit a Fleet Supervisor are on-going with difficulties being experienced with this trawl.</p> <p><u>Implementation date</u></p> <p>December 2016</p>	<p>The Fleet Manager advised the relocation of the Derry Storeroom was reviewed, but is not considered feasible.</p> <p>He advised he appreciates there are some components stored outside of the main store area, but these would not be of any value to a member of the general public, he provided the examples that sweeper brushes would be stored in the other general store area though a swipe card is required for access to this. The Fleet Manager advised going forward they need to look at rationalising the volume of stock held rather than growing stock, as he advised most suppliers would have a quick turnaround time on parts now anyway.</p> <p>Internal Audit confirmed that the compressor room is now locked at all times, and only the Fleet Supervisor Derry or Fleet Manager have a key to gain access. In addition Internal Audit confirmed that this location now only stores oil spill products. The Fleet Supervisor advised that food bags are now stored in a container opposite the security hut.</p> <p>The Head of Environment advised that additional shelving / storage was also</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
			installed upstairs in the Derry store to help alleviate some of the storage issues.
<p>8. Derry Storeroom (b)</p> <p>In addition Internal Audit noted that currently mechanics have access to the store and on a Saturday when they are undertaking maintenance checks on vehicles they can take stock from the store to correct any faults without the storeperson's knowledge (as the storeperson does not work weekend hours).</p>	<p>Internal Audit recommend that the process of giving the mechanics access to the store when the storeperson is not present should be reviewed.</p>	<p>Once appointed a schedule will be introduced to ensure that either the stores person or Fleet Supervisor is present when stores are open. In addition consideration is also being given as to the arrangements during periods of annual leave</p> <p><u>Implementation date</u></p> <p>December 2016</p>	<p>Not Implemented</p> <p>The Storeperson does not work weekend hours. As such The Fleet Manager advised that mechanics are still given access to the store on a Saturday when they are undertaking maintenance checks on vehicles. On Saturdays the mechanics can take stock from the store to correct any faults identified. As such the Fleet Manager advised that if the mechanics require anything on a Saturday they do not input this to FleetMinder but rather revert to a manual record of goods issued / received. He advised the Storeperson will then use this record to update FleetMinder with the relevant details the following week.</p> <p>Although this does not negate the risk of giving access to the store when the Storeperson is not present the Fleet Manager advised a compensatory control is the CCTV</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
			<p>coverage within the stores, including audible as well as visual.</p> <p>New Recommendation</p> <p>To improve the control environment on a Saturday when the Storeperson is not present, Internal Audit recommend that 2 persons sign the manual issues record – both the person taking the stock item and the other as a check.</p> <p>Management Response</p> <p>A split working pattern is operated at Skeoge with the Fleet Manager present every other Saturday and whilst present oversees the store function. Given the travel distances involved it is not possible for the Assistant Fleet Manager to cover the other Saturdays and management have accepted the recommendation above and will implement this action with effect from Saturday the 16th March 2019.</p>
<p>9. Derry Storeroom (c)</p>	<p>Internal Audit recommend that given the flammable nature of liquids within the oil storeroom, the contractor’s high visibility</p>	<p>Consideration is being given as to the arrangements for the storage of flammable liquids including</p>	<p>Fully Implemented</p> <p>Internal Audit viewed this oil store during fieldwork and confirmed that the contractor’s</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>Internal Audit noted that flammable liquids are stored as safely as possible. There is a separate oil store to which only the Fleet Manager and Storeperson have keys. The majority of oil within this store is stored in a 'bunded' area and contained within 'bunded' tanks which Internal Audit were advised had multiple skins. However Internal Audit noted that the security of this store could be improved. Although only the Fleet Manager and Storeperson have access to this store, Internal Audit noted a number of high visibility jackets hanging in this location and the Storeperson advised these are for the contractors who have been engaged to wash the vehicles. He advised that the Fleet Manager will give these contractors access to this store on a Saturday morning to get the jackets prior to washing the vehicles.</p>	<p>jackets should be stored in a separate location.</p>	<p>where the contractor's high visibility jackets should be stored and arrangements for the compressor room.</p> <p><u>Implementation date</u></p> <p>December 2016</p>	<p>high visibility jackets are no longer stored at this location. The Fleet Supervisor (Derry) advised that the contractors now bring their own high visibility with them, and as such they are not stored on DCSDC premises.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>10. Strabane storeroom (a)</p> <p>Internal Audit are satisfied that the main storeroom at Strabane is secure, however, there are a number of larger items such as wheelie bins, tyres and sweeper brushes stored in a fenced off area outside. This area is not within the immediate viewpoint of the storeperson. In addition the storeperson advised that drivers have keys to the outside location as they start work earlier than the storeperson and will take whatever they need from this location and inform the storeperson when they return in the evening. In addition there is no cover for the storeperson when he is on annual leave. The storeperson advised that the Strabane Refuse Collection Manager will open the store for the employees who require an item from the stores however these items are not always recorded on the issue cards when the stores persons is not present. The</p>	<p>In order to provide a level of assurance that all issues will be properly accounted for Internal Audit recommends that management review the arrangements at the Strabane store for the larger items and improve the security over these.</p>	<p>A review of arrangements at the Strabane store has commenced. This will include reporting arrangements along with the process and procedures for accessing stores, ordering materials etc.</p> <p><u>Implementation date</u></p> <p>December 2016</p>	<p>Not Implemented</p> <p>Internal Audit confirmed that a review of arrangements took place and reporting responsibilities were clarified in that the Fleet Supervisor at Strabane has now been allocated line management responsibility of the Storeperson.</p> <p>The Fleet Supervisor advised he has concerns regarding the security of the store room at Strabane and the outside gated area. The Storeperson confirmed that although there are keys to the outside gated area these are widely available to a large number of staff at Strabane.</p> <p>In addition, from an audit perspective there appeared to be ambiguity over the arrangements when the Storeperson at Strabane is on annual leave.</p> <p>Management Response</p> <p>Management responsibilities and arrangements have now been clarified at the Strabane depot. The locks have been changed at the store with keys held solely by</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
Head of Environment clarified to Internal Audit that the new structure will involve the Fleet Supervisor being responsible for arranging cover for the storeperson when he is on leave.			the Fleet Supervisor and the Storeman. In addition the lock at the external storage has also been changed with keys held by the Fleet Supervisor, storeman and Refuse Collection Manager who also stores bins at this location.
<p>11. Strabane storeroom (c) The Strabane storeperson was not aware of any alarm within the store and although there is CCTV coverage in the main corridor that leads to the entrance door of the store, there is no CCTV in the store itself.</p>	Internal Audit recommends that management review the need for an alarm and CCTV coverage within the store area.	<p>In addition Councils M & E Supervisor is at present scoping the installation of CCTV at this location with the intention of installing a system following the completion of a procurement exercise and consultation with relevant staff and Trade Unions.</p> <p><u>Implementation date</u></p> <p>December 2016</p>	<p>Not Implemented</p> <p>During fieldwork for this follow-audit audit the Fleet Manager contacted the M & E Manager to confirm the current situation regarding the alarm and CCTV Coverage within the Strabane store area. The M&E Manager advised this has not progressed to date but is something he could look into.</p> <p>Management Response</p> <p>Quotes for this measure had been issued and returned. However works were unable to progress in the absence of budget cover. It is intended that works will commence during April 2019 with budget provision secured.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<u>Disaster recovery / contingency arrangements</u>		<u>Priority B2</u>	
<p>12. Disaster recovery / contingency arrangements</p> <p>The Fleet Manager, Storemen at both the Derry and Strabane stores and the Emergency Planning Officer at DCSDC are not aware of a disaster recovery plan /contingency plan in respect of the stock in stores.</p>	<p>Internal Audit recommends that the Fleet Manager should liaise with DCSDC Emergency Planning Officer to assess if the stores should be regarded as a critical service and to ensure appropriate disaster recovery / contingency arrangements are put into place.</p>	<p>Disaster recovery / contingency arrangements had previously been considered under a wider operational services Emergency Plan process. This plan identified what arrangements could be put in place should the stores not be available. The Plan is at present being reviewed to ensure that it is up to date and reflects the split-site position.</p> <p><u>Implementation date</u></p> <p>January 2017</p>	<p>Fully Implemented</p> <p>The Head of Environment advised that there is now a Business Continuity Plan in place which details what would happen in the event of the facility not being available. This service contingency plan includes mitigations in terms of depot and vehicle loss. Internal Audit review of this plan showed that Table 4 contained a list of 'Fleet Sub-contractors and Suppliers'.</p> <p>The Head of Environment advised that the Plan will be updated with a specific reference to stored equipment, loss of access etc. This will be completed by end of April 2019.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<u>New storeperson trained in coding</u>		<u>Priority B2</u>	
13. New storeperson trained in coding	A new storeperson has recently been engaged at Derry and Internal Audit recommends that he liaises with the Directorate Accountant on the appropriate coding to be used to ensure reliance can be placed on the stock valuations recorded within the Accounting System.	The Directorate Accountant has engaged with the store man on this issue. <u>Implementation Date</u> December 2016 Procurement training has also been arranged and will take place in January 2017. <u>Implementation Date</u> January 2017	Fully Implemented The Fleet Manager advised that the storeperson at Derry has received on the job training from the Directorate Accountant and the Administrative Officer at Derry on coding.
<u>Stock Records</u>		<u>Priority B1</u>	
14. Access to order stationery The Fleet Manager advised that he would normally be given a batch of 10 blank orders which he would use for ordering services directly himself if required. These would then be	Internal Audit recommends that the practice of giving to the Fleet Manager 10 blank orders should be stopped. Rather if orders are required by the Fleet Manager these should be completed as and when needed.	This practice has now ceased. <u>Implementation Date</u> Completed	Fully Implemented The Fleet Manager advised this practice has now ceased, he advised that any stationary he required would be ordered by the Administration team at Skeoge.

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>returned to the Stores person to attach to the relevant invoice.</p>			
<p>15. Pre-authorized payment slip</p> <p>During fieldwork Internal Audit viewed a pre authorised payment slip for the Strabane store.</p>	<p>Internal Audit recommends that under no circumstances should authorisation slips to approve payment of an invoice be preapproved. All approvals should be after the manager has checked and reviewed the accuracy of the payment to be processed and is satisfied that this should be made. All relevant staff should be made aware of the importance of this aspect.</p>	<p>All relevant staff have been reminded of the process for vouching and approving invoices. It has also been reinforced that under no circumstances should payment vouchers be signed-off without a fully completed Purchase Order having been scrutinised and all necessary supporting documentation attached.</p> <p><u>Implementation Date</u></p> <p>Completed</p>	<p>Fully Implemented</p> <p>The Fleet Manager advised this practice has now ceased.</p>
<p>16. Strabane vehicle parts not part of stock control process</p> <p>Internal Audit were advised that in Strabane the mechanics keep their own stock of parts within the garage,</p>	<p>Internal Audit recommends that the process is reviewed to ensure all mechanical parts are ordered via the storeperson, and the mechanics should not be in a</p>	<p>All relevant staff at the Strabane depot have been advised of the arrangements re ordering stock and that only the store man – or</p>	<p>Fully Implemented</p> <p>The Fleet Manager advised all orders are now raised by Fleet / Stores personnel – either the storeperson or Fleet Supervisor.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
and seek approval directly from management for orders, rather than this being accounted for via the stock control process.	position to order goods without the storeperson's knowledge.	in his absence Fleet Supervisor – can undertake this task. <u>Implementation Date</u> Completed	
<u>Training</u>		<u>Priority B2</u>	
<p>17. Training – Storeperson at Strabane</p> <p>There is a lack of assurance that the storeperson at Strabane has undertaken all required training as the training matrix records for this employee were incomplete. The Fleet Manager advised that he had only recently (at the start of October 2016) become aware that he was responsible for this member of staff.</p>	Internal Audit recommends that the storeperson at Strabane should undertake all required training as soon as practicable.	<p>A review of the current roles and responsibilities of the existing stores person based at Strabane is currently underway. It is envisaged that the existing JD will change radically to align to address many of the issues identified by IA.</p> <p><u>Implementation Date</u></p> <p>January 2017</p>	<p>Partially Implemented</p> <p>The Fleet Manager advised that all Strabane personnel are included in the training at Skeoge (including the Strabane Storeperson).</p> <p>It has recently been agreed that the Administration personnel at Skeoge will continue to be responsible for ensuring all Fleet / Stores staff have received the appropriate training. In early January 2019 Internal Audit reviewed the training matrix for the Strabane Storeperson and confirmed that several courses were out of date i.e. Fire Awareness, Banks Person training and Working Safely. Since that time period Internal Audit have confirmed that the Storeperson at Strabane has since attended</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
			<p>the Banks Person training in January 2019 and the Fire Awareness training in February 2019.</p> <p>In relation to the Working Safely training, the Administration Officer at Skeoge advised that a quotation exercise was recently undertaken for the delivery of this training. The successful trainer provided a date on which this training could be undertaken, but this was unsuitable and they have been asked to provide alternative suitable dates. When a date has been agreed, the Storeperson at Strabane will be scheduled to attend this training.</p>
<p>18. Training – Storeperson at Derry</p> <p>From reviewing the training matrix for the Derry storeperson, Internal Audit noted that there are a number of courses as per the training matrix which the Derry storeperson would be due to attend again also. However, Internal Audit noted that this storeperson is still recorded on this matrix in his previous position as a mechanic and so may no longer be</p>	<p>A review should be undertaken of the Derry storeperson’s training to identify if there are any courses which he is currently required to attend given his new role as storeperson. Internal Audit recommends that any required training should be undertaken as soon as practicable.</p>	<p>A review of the training requirements of the store men at both locations has been undertaken with training needs identified and taken forward by the Fleet Manager and HR. Training on proper procurement techniques and procedures has also been scheduled for January 2017.</p>	<p>Partially Implemented</p> <p>As per number 17 above. In early January 2019 Internal Audit reviewed the training matrix for the Derry Storeperson and confirmed that several courses were out of date i.e. Manual Handling, Fire Awareness, Banks Person training and Working Safely. Since that time period Internal Audit have confirmed that the Storeperson at Derry has since attended the Manual Handling and</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
required to attend these courses in his new role as storeperson.		<p><u>Implementation Date</u></p> <p>January 2017</p>	<p>Banks Person training in January 2019 and the Fire Awareness training in February 2019.</p> <p>In relation to the Working Safely training, the Administration Officer at Skeoge advised that a quotation exercise was recently undertaken for the delivery of this training. The successful trainer provided a date on which this training could be undertaken , but this was unsuitable and they have been asked to provide alternative suitable dates. When a date has been agreed, the Storeperson at Strabane will be scheduled to attend this training.</p>
<p>19. Accurate update of training matrix</p> <p>As above</p>	Internal Audit recommends that the Administration Officer is advised of changes in employee roles to ensure the training matrix accurately reflects the courses required to be attended for the employee's current role.	<p>All training needs and completed actions are captured on a sectional and Departmental level as part of the OHSS18001 process.</p> <p><u>Implementation Date</u></p> <p>January 2017</p>	<p>Fully Implemented</p> <p>Review of the training matrix showed that it now accurately reflects the Storeperson's position. The Administration Officer advised she is advised of changes in employee roles.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<u>Stock inventory system</u>		<u>Priority B1</u>	
<p>20. Stock inventory system at Derry</p> <p>Within Derry issues and receipt records are maintained, however there is no inventory listing maintained based upon this information. The last inventory listing supplied to Internal Audit was for the period dated 26/06/14 - 22/07/14. As such there are currently no records maintained for the Derry store to inform management of the amount and level of stock retained in the store at any given time.</p>	<p>Internal Audit were advised that the new FleetMinder system will have an integrated stock management system which should include an inventory listing. However as there is no imminent timescale established for the implementation of FleetMinder, Internal Audit would recommend that in the interim period the Derry store should continue with the previous spreadsheet inventory system that was in use previously. Internal Audit acknowledge that this would first require a dedicated resource for a period of time to identify the current stock levels within the store, and update of this information onto a stock spreadsheet. From here it should be identified who should be responsible for ensuring this record is kept up to date by using</p>	<p>A project plan has now been produced and is at present being implemented so that the system will be fully operational for the 1st of April 2017.</p> <p>The spreadsheet inventory system will operate at Skeoge until such times as the FleetMinder system is operational.</p> <p><u>Implementation Date</u></p> <p>January 2017</p> <p>An interim stock take has been planned for January 2017, prior to the 'Go-Live' date for FleetMinder. This exercise will establish stock levels at this point in time together with stock location, part number, supplier,</p>	<p>Fully Implemented</p> <p>FleetMinder is now operational within Derry and this system has an integrated stock management system. Internal audit viewed the operation of this system during fieldwork.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
	the stock issues and returns documentation on a regular basis.	<p>etc. with this detail inputted into the spreadsheet.</p> <p><u>Implementation Date</u></p> <p>January 2017</p> <p>The store man will have responsibility for updating the spreadsheet.</p>	

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>21. Stock inventory system at Strabane (a)</p> <p>Internal Audit selected a random sample of 10 stock record cards and undertook a physical count of the stock to review the accuracy of the information contained within the stock record cards. This revealed a number of variances as follows:</p> <ul style="list-style-type: none"> • In 5 of the 10 items reviewed (i.e. 50%), the physical count undertaken by Internal Audit was less than the quantity recorded on the card, • In 1 of the 10 items reviewed (i.e. 10%) the physical count by Internal Audit showed a higher level of stock than that recorded on the card, • In 4 of the 10 items reviewed (i.e. 40%) items matched the quantity recorded on the store card. <p>NB it should be highlighted that the majority of items maintained within</p>	<p>Internal Audit acknowledge that the majority of variances identified during testing are not high value however would recommend that care is taken to update stock records accurately with issues and receipts on a more timely basis.</p>	<p>The Fleet Supervisor will in the interim, monitor and ensure that records in the current Excel / Task system are updated to reflect receipts and issues.</p> <p><u>Implementation Date</u></p> <p>Completed</p>	<p>Partially Implemented</p> <p>As per above, FleetMinder is not yet operational at Strabane and therefore reliance is still placed upon the manual stock record system.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>Strabane stores are lesser value items, mostly relating to cleaning products with some vehicle items and some brush cleaning items.</p>			

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>22. Stock inventory system at Strabane (b)</p> <p>Internal Audit also noted that the 'Task' computer system is used by the Administrative Assistant within Strabane to update the information from the goods received and issued cards at Strabane onto an inventory listing. The Administrative Assistant advised that there is no longer any support available for the Task system.</p>	<p>Internal Audit acknowledge that the Task stock inventory system will be replaced by the FleetMinder system. Internal Audit highlight the weakness in the interim period in placing reliance upon a system that is unsupported and recommend that dependent upon the timescale for implementation of FleetMinder it may be necessary to put in place a different system / process.</p>	<p>As stated above, it is intended that the FleetMinder system be fully operational by the 1st of April 2017 with interim arrangements in terms of the Task software remaining in place until then.</p> <p><u>Implementation Date</u></p> <p>Completed</p>	<p>Not Implemented</p> <p>As per above the Fleet Manager advised that FleetMinder is due to be rolled out to Strabane imminently. Internal Audit were advised by the Administrative Assistant at Strabane that the task system crashed and since then she has just been using an Excel document to record information on issues and deliveries to send to the Directorate Accountant.</p>
<p>23. Stock inventory system at Strabane (c)</p> <p>The Administrative Assistant advised she is logging on via a previous users logon details, as she has no way of changing these due to the system being unsupported.</p>	<p>From a control perspective logon to the Task system should not be via a previous employee's details, however IA acknowledge that as the system is unsupported at present she is not in a position to change logon details currently.</p>	<p>As stated above, it is intended that the FleetMinder system be fully operational by the 1st of April 2017 with interim arrangements in terms of the Task software remaining in place until then.</p>	<p>No Longer Applicable</p> <p>As per above the Task system is no longer operational at Strabane.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<u>Receipting and issuing of goods</u>		<u>Priority B2</u>	
<p>24. Receipting and issuing of goods Within Derry a stores issue record is completed by the storeperson when the goods are issued, and a record kept of at least the initials of the person receiving the goods. However the person receiving the goods is not required to sign this sheet, rather it is the storeperson who completes this information. Internal Audit queried this and were advised that as CCTV is operational in this area it was not considered necessary for the recipient to sign.</p>	<p>Internal Audit recommends that within the Derry store the recipient of the goods should sign the goods received book upon receipt, rather than only the initial being recorded by the storeperson.</p>	<p>This requirement has now been communicated to all relevant staff. In addition to this the suppliers delivery note must also be countersigned.</p> <p><u>Implementation Date</u> Completed</p>	<p>Fully Implemented</p> <p>The Fleet Manager advised that for the majority of time this has been superseded by FleetMinder. Within FleetMinder when a part is issued, it is scanned via the barcode and allocated to a specific job card number.</p> <p>It is the Assistant Fleet Manager who allocates the job card number on FleetMinder when work is received.</p> <p>However the Fleet Manager advised that if the stores person is not on site and items are stock are required e.g. on Saturday mornings, the system reverts to the manual records.</p>
<u>Stock Takes</u>		<u>Priority B1</u>	
<p>25. Regular Stock Counts There was no independent stock take undertaken at the Derry store in the</p>	<p>Internal Audit recommends that regular independent stock counts are carried out at both store locations (at least annually). These should include a count of all stock</p>	<p>The installation of the FleetMinder system will facilitate greater control and management of the stores. Once the system is fully operational 'spot checks' will</p>	<p>Fully Implemented</p> <p>The Fleet Manager advised that a stock count of all stock in the Derry store was undertaken in April 2018 prior to the FleetMinder go-live,</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>last financial year. Rather the current storeperson advised he had carried out the stock take in April 2016 himself, over a number of evenings. As such there is a lack of segregation of duties in this process as this storeperson is responsible for the custody of this stock. In addition Internal Audit were advised that ground maintenance stock is not included in the count.</p>	<p>including Grounds Maintenance stock. It should be clarified who will undertake these independent stock counts.</p>	<p>be undertaken on a frequent basis to verify data held on the system.</p> <p>FleetMinder will also enable random sectional 'Stock-Takes' to be undertaken so all the parts within for example the 'Dennis' subgroup can be checked and recorded. This will negate the need to carry out an entire 'Stock-Take' at one time.</p> <p><u>Implementation Date</u></p> <p>March 2017</p>	<p>to ensure accurate records of stock were updated to the FleetMinder system. This was independently undertaken by a number of senior Fleet Management / Environmental staff, independent of the Storeperson. The Fleet Manager confirmed that ground maintenance stock was included as part of the count.</p> <p>The Fleet Manager advised that the Directorate Accountant was involved in a stock count in the Strabane store, again this improved the control to ensure the stock count was undertaken independently of the Storeperson at Strabane.</p> <p>During fieldwork Internal Audit selected a small section of the store via FleetMinder to undertake a small stock count to verify the accuracy of the stock on FleetMinder. Internal Audit verified the volume of the 7 items reviewed to physical stock.</p>
<p>26. Stock Procedures</p>	<p>Internal Audit recommends that it is clarified who is responsible for the development of procedures / written instructions as to how to</p>	<p>The Head of Environment will, in discussion with IA and other relevant officers, agree and document the arrangements for</p>	<p>Fully Implemented</p> <p>Written procedures were developed and reviewed by Internal Audit, and the Fleet</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>There are no procedures or written instructions made available to staff as to how to undertake the stock counts, nor was training provided. There is a lack of clarity over whose responsibility it is to develop these procedures.</p>	<p>perform the count. These should be developed and made available to all relevant staff. Those performing the count should be trained in these procedures.</p>	<p>undertaking independent annual stock takes.</p> <p>As stated above written procedures will be agreed and actioned with regard to the processes and procedures for undertaking both the annual and 'spot check' stock takes. These procedures will set out the roles and responsibilities of all involved along with actions required following any variance in date and how these are to be signed off and recorded.</p> <p><u>Implementation Date</u></p> <p>January 2017</p>	<p>Manager advised these staff were trained in these prior to undertaking the last annual stock count.</p>
<p>27. Formal Cycle Counts of major items of stock</p> <p>Formal cyclical counts of the major items of stock do not take place throughout the year.</p>	<p>Internal Audit recommends that formal cycle counts of the major items of stock should take place throughout the year.</p>	<p>As above</p>	<p>Not Implemented</p> <p>The Fleet Manager advised that to date it is only the annual stock count that has taken place. He confirmed that going forward he will undertake cyclical counts of the high</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
			<p>value items of stock throughout the year by using the FleetMinder system.</p> <p>The Head of Environment advised that after the next full stock count is undertaken in April 2019 they will replace the annual count with unannounced cyclical counts throughout the year.</p>
<p>28. Review of stock take variances</p> <p>When stock takes do take place, the level of variances between stock records and the physical stock are not regularly monitored nor are reasons documented for any differences. Internal Audit analysed the variances identified in the 2015/16 stock count for Strabane based upon the information supplied by the Directorate Accountant for Environment and Regeneration. This showed several variances, many of which arose due to the physical count of stock being higher than the records maintained (inferring that potentially</p>	<p>The level of variances identified via stock takes should be regularly monitored and explanations documented for any key variances.</p>	<p>As above</p>	<p>Not Implemented</p> <p>The next full stock count to be undertaken following the implementation of FleetMinder at the Derry store is scheduled for April 2019. The Fleet Manager advised that when this is undertaken the FleetMinder system will be used. This will enable a variance report to be produced which will provide information on the quantity and value of any variances between the FleetMinder system and physical stock. The Fleet Manager advised he will document a rationale for any key variances identified.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>purchases of stock are not being accurately added onto stock records).</p>			
<p>29. Authorisation over adjustments to stock values Adjustments to stock records as a result of the count undertaken are not authorised. Rather the Strabane storeperson advised that the Strabane Administration Assistant will update the information on Task by overwriting the current quantity with the new quantities.</p>	<p>Adjustments to stock records as a result of the count should be authorised by senior management.</p>	<p>As above</p>	<p>Partially Implemented</p> <p>As per previous the Task system is no longer in use within the Strabane store.</p> <p>The next stock count is scheduled for April 2019 and the Fleet Manager advised at this timeframe the values of physical stock counted will be updated to FleetMinder by himself and the Assistant Fleet Manager. The system will then produce the variance report when the physical counts are input.</p>
<p>30. Identification of ‘minimum order quantities’</p> <p>Minimum and maximum stock levels have not been established at either of the stores</p> <p>In the Strabane store there is not a large quantity of stock maintained, rather Internal Audit were advised that 1 extra item would be retained in</p>	<p>Internal Audit were advised that the FleetMinder system has the facility to identify and input minimum level quantities for each item of stock, so that when this trigger is reached the manager will be notified to re-order the goods. Internal Audit recommends that careful consideration is given to identify a realistic minimum order</p>	<p>The Fleet Manager is at present reviewing stock levels and requirements as part of the preparation for the installation of the FleetMinder software. Stock levels will be determined on use with appropriate trigger /minimum quantities inputted to the system.</p>	<p>Partially Implemented</p> <p>The Fleet Manager advised currently minimum and maximum order quantities have been input to FleetMinder for the Derry store. He advised they defaulted to the values as 2 and 4 for the majority of items however the storeperson at Derry is updating these to more realistic values based upon the stock item as time progresses. As per previous FleetMinder is not yet fully operational within</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>the storeroom and when it is used it would be re-ordered from a local supplier.</p>	<p>quantity, and this information should be input to the FleetMinder system so that this function can be utilised.</p>	<p><u>Implementation Date</u></p> <p>March 2017</p>	<p>Strabane however the Fleet Manager advised minimum and maximum stock levels will be input when this system is implemented there also.</p>
<p>31. Documentation of adjustments to stock records</p> <p>As per previous</p>	<p>Internal Audit recommends that in the future when any adjustment is required, the authorisation to make this adjustment should be appropriately documented.</p>	<p>The Fleet Manager is at present drafting written procedures with regard to the operation of the stores function.</p> <p><u>Implementation Date</u></p> <p>January 2017</p>	<p>Partially Implemented</p> <p>The Fleet Manager advised it will either be himself or the Assistant Fleet Manager who will perform any adjustments to the system. The annual stock take is scheduled for April 2019 which may result in some adjustments.</p>
<p>32. Slow moving stock</p> <p>No system is currently in place to identify slow moving or obsolete stock.</p>	<p>Internal Audit recommends that slow moving stock is identified and stock levels altered in line with changes in demand.</p>	<p>As advised above stock level parameters will be set as part of the FleetMinder installation process. It must be noted however that some items are not available 'off the shelf'. In order to ensure that vehicles remain operable a small number of slow moving stock items will be held to ensure vehicle down time is minimised.</p>	<p>Partially Implemented</p> <p>As per above, parameters have been set for minimum and maximum reorder quantities on the FleetMinder system. The Fleet Manager advised they have defaulted to the values as 2 and 4 for the majority of items however the Storeperson at Derry is updating these to more realistic values based upon the stock item as time progresses. These therefore will be adjusted to reflect slow moving stock.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
			In addition the Head of Environment advised slow moving stock was identified when the full stock count was undertaken at Derry, at the time of implementation of FleetMinder. He advised management will review how they are going to deal with this going forward.
<p>33. Obsolete stock</p> <p>From review of the general storeroom at Derry, Internal Audit noted that there were a number of obsolete items within the stockroom. Within Derry there were 22 snow tyres which the storeperson advised Internal Audit cost approximately £300 each. In addition within the Strabane store there was a lot of paint which the storeperson advised had been used previously for a youth training scheme. Internal Audit also noted obsolete bulbs and electrical components.</p>	<p>Internal Audit recommends that any obsolete stock currently sitting in both the Derry and Strabane store should be identified and disposed of appropriately. This should be written off in the Accounts as soon as practicable, to ensure the accounts reflect accurate stock values.</p>	<p>A review of stock held is underway as part of the FleetMinder installation process. These items, once identified, will be disposed of in consultation with Internal Audit, Procurement and the Directorate Accountant.</p> <p><u>Implementation Date</u></p> <p>January 2017</p>	<p>Partially Implemented</p> <p>The Fleet Manager advised that a process had commenced to identify and make arrangements for the disposal of obsolete stock. This was confirmed by the Assistant Fleet Manager who advised he had compiled a list of obsolete items to include part number and quantity; and forwarded this to the Fleet Manager to make the disposal arrangements. However he advised the majority of items on his list had not been included in FleetMinder when it became operational. In addition the Fleet Supervisor at Strabane advised there are still a lot of what he would regard as obsolete stock items at Strabane.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<u>Procurement</u>		Priority B1	
<p>34. Communication of Annual Tender Lists</p> <p>The Strabane storeperson advised that most cleaning material is tendered centrally and he would procure from this list. However at the time of audit fieldwork October 16 he didn't have the current centralised tender list for the 2016/17 financial year. He was therefore unaware as to which suppliers he should be using.</p>	<p>Internal Audit recommends that the storeperson at Strabane should be issued promptly with the new annual tender list each year, so that he is aware of which suppliers he is required to place the orders with.</p>	<p>The list of approved suppliers has been provided to Strabane staff along with instruction on use i.e that goods must only be purchased from those on the list.</p> <p><u>Implementation Date</u></p> <p>Complete</p>	<p>Fully Implemented</p> <p>The Fleet Manager advised that the Storeperson in Strabane would have been advised of the approved suppliers as per the Annual Tender lists and this was confirmed by the Storeperson at Strabane.</p>

Findings Final Audit Report: November 2016	Recommendation Final Audit Report: November 2016	Management Response and Implementation Date November 2016	Current Position February 2019
<p>35. Procurement – quality considerations</p> <p>The Strabane storeperson advised that even though they are included on the tender list, he would order items of protective clothing from a local supplier to suit the men’s needs rather than from the tender list.</p>	<p>Internal Audit recommends that the Strabane storeperson should liaise with the Procurement Manager to ensure any defects in quality by suppliers is incorporated as part of the award exercise. There should be no exceptions to purchasing material from suppliers other than those on the tender list. If there is an exceptional reason why this might be the case, then this purchase should only be made on the documented approval of the Procurement Manager.</p>	<p>As advised above the Fleet Supervisor in Strabane will oversee and line manage the stores function so as to ensure that all procedures and processes are in full compliance with procurement obligations.</p> <p>Only in exceptional circumstances and in order to facilitate the needs of the service can parts/services be procured outside of the ‘Annual Tender’ list and only then when authorised by Fleet Manager.</p> <p>Implementation Date</p> <p>Complete</p>	<p>Fully Implemented</p> <p>The Storeperson at Strabane provided information as to the suppliers he would use for different vehicle parts and Internal Audit confirmed that these were suppliers who were included on DCSDC annual tender lists.</p>

Appendix (i)

System Priority Level

Internal Audit have recently introduced a 'System Priority level' to audit reports. The system priority level identifies the significance of the system under review towards achievement of the Council's objectives.

This will help management to easily identify significant issues at an organisational level.

There are 3 ratings as follows:

Rating	Description
A	Failure to implement the recommendations is likely to result in a major failure of a key Council objective, significant damage to the reputation of the Council or the misuse of public funds.
B	Failure to implement the recommendations could result in the failure of an important Council objective or could have some impact on a key Council objective.
C	Failure to implement the recommendation could lead to an increased risk exposure.

Appendix (ii)**Classification of Audit Assurance**

Internal Audit classification of audit assurance levels are based upon the system under review. The 3 Assurance levels are 'Satisfactory', 'Improvement needed' and 'Major Improvement needed'.

The assurance levels and definitions are as follows:

Level of Assurance	Definition
Satisfactory	<i>Evaluation opinion:</i> Overall controls are adequate and effective to provide reasonable assurance that risks are managed. While there may be some issues identified and recommendations raised, this should not significantly impact on the achievement of objectives.
Improvement needed	<i>Evaluation opinion:</i> Significant control weaknesses were noted and recommendations raised. There is considerable risk that the system will fail to meet its objectives.
Major Improvement needed	<i>Evaluation opinion:</i> Numerous significant control weaknesses were noted and recommendations raised. The system has failed or there is a real risk that the system will fail to meet its objectives.

Implementation priorities are based upon Internal Audit's opinion on how quickly the recommendations should be implemented, relevant to their importance in the system under review.

There are 3 different priority ratings as follows:

Priority	Description
1	Weakness which should be addressed immediately.
2	Weakness, which is not fundamental but should be addressed in the short term (6 months).
3	Improvement, which represents best practice.

The Action Plan contains the priority both of the system and the recommendation.