Veritau

Assurance Services for
the Public Sector

Cleaning and Facilities Management

City of York Council

Internal Audit Report 2014/15

Business Unit: Customer & Business Support Services
Responsible Officer: Head of Facilities Management
Service Manager: Cleaning Services Manager
Date Issued: 12 May 2015
Status: Final
Reference: 10850/002

	P1	P2	P3
Actions	0	3	4
Overall Audit Opinion	Reasonable Assurance		

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Summary and Overall Conclusions

Introduction

Audit work completed in 2013-14 identified concerns within the cleaning service in relation to allocation and authorisation of additional hours and overtime. Within that year, £95,406.86 was spent on additional hours and overtime; £73,908.73 was paid in additional hours and £21,498.13 in overtime.

Since this time a restructure has taken place within the service, and a new manager has been in post since July 2014.

Objectives and Scope of the Audit

The purpose of this audit was to consider the current arrangements within the service to establish the effectiveness of controls in relation to additional hours and overtime. The audit considered the following areas:

• Processes for allocating, authorising and monitoring additional hours and overtime

• The accuracy and appropriateness of such payments made within the 2014-15 year

• Adequacy of supporting records within the service

This audit followed up on the findings of the work completed in the 2013-14 year.

Key Findings

A number of changes in the structure and staffing of the service have taken place since the previous audit was carried out, and since this time there has been a significant reduction in the level of spend on additional hours and overtime.

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• Incorporation of proactive monitoring of spend on additional hours and overtime will allow more effective control over staffing budgets and would build on the positive changes already implemented within the service.

• A review of the establishment structure would enable the service to determine whether best value is being achieved by current staffing arrangements.

Overall Conclusions

While there have been a number of improvements within the service, the key areas of monitoring and record keeping require action
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It was found that the arrangements for managing risk were satisfactory with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

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Issue/Control Weakness	Risk
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Findings
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Agreed Action 1.1		
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	Responsible Officer	xxxxxxxxxxxxx
	Timescale	xxxxxxxxxxxxx

Agreed Action 1.2		
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	Responsible Officer	xxxxxxxxxxxxx
	Timescale	xxxxxxxxxxxxx

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2 Monitoring of additional hours and overtime

Issue/Control Weakness	Risk
Additional hours and overtime levels are not currently monitored.	The service will be unaware of what is being spent on additional hours/overtime and whether it is achieving the best value from staffing arrangements. Employees could work excessive amounts of hours.

Findings

Budget monitoring meetings are held regularly with finance staff, and these have helped to provide a picture of service performance and identification of areas for change and improvement. However, monitoring of spend on additional hours and overtime has not been a regular part of these meetings. Including monitoring of additional hours and overtime spend will allow the service to properly control levels of expenditure of this type, as well as providing a mechanism to highlight where staff may be working excessive numbers of hours.

Monthly monitoring could also be supplemented by tracking of additional hours and overtime allocated to employees to provide a picture of how resources are being used over the course of the month. This could be achieved by recording hours and costing information on the allocation spreadsheet xxxxxxxxxxxxxxxxxxx

Agreed Action 2.1

Spend on additional hours and overtime within the service will be built into monthly budget monitoring meetings in conjunction with finance staff. This will include consideration of both total spend within the service, as well as levels of payments being made to individuals to ensure these are not unreasonable. Spend over the course of the month will be tracked using the allocation spreadsheet for overtime and additional hours, and this will be reviewed regularly against budget information.

Priority	2
Responsible Officer	Cleaning Services Manager
Timescale	August 2015

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3 Recharges for non-cleaning work

Issue/Control Weakness	Risk
There is not an established process for recharging where non-cleaning work is covered by cleaning staff.	Costs will not be allocated against the correct cost centre.

Findings

There are occasions where cleaning staff have undertaken additional hours covering work within other areas (specifically caretaking and hospitality). There has not been an established process for recharging of this work and therefore the costs of staffing for the service areas concerned will not be an accurate reflection of work undertaken.

While a process has now been established for covering hospitality work, this will also be required for any other work undertaken which is not chargeable to building cleaning (NR232).

Agreed Action 3.1

Where cleaning services staff undertake additional work for other service areas (e.g. caretaking or hospitality), this information will be supplied to finance staff to enable recharging to take place.	Priority	3
	Responsible Officer	Cleaning Services Manager
	Timescale	August 2015

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Issue/Control Weakness	Risk
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Findings

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Agreed Action 4.1

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Issue/Control Weakness	Risk
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Findings

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Agreed Action 5.1

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Priority	xx
Responsible Officer	xxxxxxxxxxxxxxx
Timescale	xxxxxxxxxxxxxx

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6 Review of staffing provision within the cleaning service

Issue/Control Weakness	Risk
The establishment has not been reviewed to determine the effectiveness of resource allocation.	Best value will not be achieved from staffing arrangements.

Findings

There have been a number of significant changes in the service including alterations to the staffing structure, and removal of schools and void cleaning from its remit. As there appears to be a regular need for additional hours and overtime to be worked to ensure that minimum levels of service are upheld, it would be of benefit to review the structure and establishment in order to determine whether the total FTE of current posts is sufficient to cover the total number of hours the service is required to provide. This would give a clearer picture of how best to resource the work required, and whether better value for money could be achieved from the staffing structure than relying on additional hours or overtime.

Agreed Action 6.1

An exercise will be undertaken to determine whether current staffing provision is adequate to resource the requirements of the service. This will involve reviewing the total FTE of posts within the service in relation to the total number of hours required for service provision.

The outcome of this will be used to determine whether any changes to establishment numbers will be made.

Priority	3
Responsible Officer	Cleaning Services Manager
Timescale	August 2015

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Audit Opinions and Priorities for Actions

Audit Opinions
Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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