

APPENDIX A

Audit: Grounds Maintenance / Street Cleansing - Final report: February 2022



INTERNAL AUDIT REPORT	
Area of Review	Grounds Maintenance and Street Cleansing Services
Contact Officer	Head of Technical Services & Environmental Maintenance
Date	February 2022
Version	Final

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1. BACKGROUND

This audit has been undertaken as part of the approved Annual Internal Audit Plan 2021/22, and in accordance with the Audit Terms of Reference.

The Hart District Council (HDC) grounds maintenance and street cleansing services have operated under a delegated service agreement by Basingstoke & Deane Borough Council (BDBC) since October 2011. A renewal deed was put in place for the period 1 April 2021 to 30 September 2026 between HDC and BDBC for provision of these services.

2. SCOPE OF THE REVIEW

The audit approach has been to review processes surrounding the control objectives stated below, perform walkthrough testing, where appropriate, assess the effectiveness of internal controls and ensure risk is managed effectively.

3. CONTROL OBJECTIVES

The scope of this review has encompassed the following control objectives:-

Control Objectives	
1	To ensure that the grounds maintenance and street cleansing governance arrangements are adequate, documented and being adhered to and that there are appropriate mechanisms in place to capture queries/complaints.
2	To ensure that there are Key Performance Indicators in place for grounds maintenance and street cleansing in the service agreement and that they are reported in accordance with the details shown in the agreement documents.

4. AUDIT APPROACH

Our audit approach to this review has been to:

- Obtain and understand the relevant processes through discussions with key personnel, review of systems documentation and perform walkthrough tests, where appropriate.
- Identify the key risks within the function.
- Evaluate and test the effectiveness of the controls in place to address these risks.
- This review has been undertaken in compliance with the Internal Audit Public Sector Standards 2017.

5. OPINION ON CONTROL FRAMEWORK

The overall level of opinion that can be provided on the internal control framework for this review is:-

Levels of Assurance	
Substantial	Substantial assurance given where there is a sound system of controls in place, which applied consistently to enable achievement of the intended objective.
Satisfactory	Satisfactory assurance given where there is generally a sound system of internal control in place with only minor lapses, and in general, objectives achieved.
Limited	Limited assurance is given where controls in place are not always applied and objectives may not be achieved, meaning the Council is exposed to the risk of financial loss, fraud or the loss of reputation.
None	No assurance is given where weaknesses in control has resulted if a failure to achieve objectives.

The level of assurance of this review is Satisfactory. There are some key findings on which this level of assurance is based, as follows:

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- Complaints are not reported to the Joint Governance Group (JGG) as specified as a requirement in section 24.3 of the Renewal Deed.
- There is no programme of sample testing on the BDBC's works and supporting documentation by HDC to ensure quality of work and the accuracy, integrity of the KPIs being reported.
- BDBC do not provide HDC with a detailed breakdown quarterly budget forecast and annually at financial year end a summary outturn position to the JGG, as specified as a requirement in sections 15.4 (a) & (b) of the Renewal Deed.
- When HDC introduced changes to the Renewal Deed they did not follow Section 13 of the Variation and Change Control in that no Notice of Change was produced that detailed the changes.
- There is no evidence that the JGG undertakes regular monitoring of ground maintenance and street cleansing performance including KPIs as specified in sections 6.1 and 10 of the Renewal Deed. (This issue and recommendation are also included in the Waste Management Internal Audit report and management summary)
- The Partnership Board's role is not defined in the Renewal Deed even though it discusses and makes decisions on ground maintenance and street cleansing.

This report seeks to highlight some of the main issues and assist in the development of an improvement plan. There are 6 medium risk findings with recommendations identified in this report.

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6. SUMMARY OF IDENTIFIED RISKS AND RECOMMENDATIONS TO BE AGREED WITH MANAGEMENT

	Risk	Issue identified	Risk Assessment	Recommendation	Management Response / Mitigation	Responsible Officer	Target Date
1	Governance is weakened if the JGG are not aware on progress on actions agreed or if actions are undertaken on complaints.	The number of justified and unjustified complaints is reported and discussed at the monthly meetings between the HDC and BDBC but no details are reported to the JGG as specified as a requirement in section 24.3 of the Renewal Deed.	Medium	Full detailed complaint reporting should be undertaken including ensuring that section 24.3 of the Renewal Deed reporting to the JGG is complied with.	This will be raised with BDBC immediately and future JGG meetings will have this information made available to it. The JGG will also review and agree the service KPIs measured.	Joint Chief Executive	April 2022 (next quarterly JGG Meeting)
2	Failure to sample test works and supporting documentation to KPI reports may lead to poor quality work and a decline in service delivery not being identified.	Monthly KPI reports are being produced by BDBC. However, Internal Audit were informed by the HDC's Countryside Manager that BDBC were incorrectly reporting that they had completed work that was not undertaken with regards to roundabout maintenance.	Medium	There should be a programme of sample testing on the BDBC's works and supporting documentation by HDC. This will ensure quality of work and the accuracy, integrity of the KPIs being reported.	A system will be put in place which will enable staff to monitor/report on performance when out and about. It is currently proposed that this will form part of the land manager role.	Head of Environment & Technical Services	June 2022
3	Failure to monitor and report on budgets and outturn may result in areas of over/under spend not being identified. This may	The Renewal Deed, section 15.4 (a) & (b) states that BDBC should provide the HDC's Countryside Manager with a detailed breakdown	Medium	HDC should ensure that section 15.4 is complied with, in that BDBC produce a quarterly budget forecast and annually at	This will be raised with BDBC immediately and they will be required to provide this information. Future failure to do so will be raised formally at JGG	Head of Environment & Technical Services	April 2022

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	result in a decline in service provision and ineffective decision making.	<p>quarterly budget forecast and annually at financial year end a summary outturn position to the JGG.</p> <p>Internal Audit were informed by both the Countryside Manager and Head of Technical Services & Environmental Maintenance that BDBC's have not produced regular budget monitoring reports for review or an outturn summary at financial year end.</p>		financial year end a summary outturn position statement. Both of these will give early notice of any savings that might be achieve.			
4	Without written approval in the form of a Notice of Change by both Councils there may be an unclear understanding of the Renewal Deed terms that may result to the service delivery not being at the required quality.	<p>The following variations have occurred to the Renewal Deed, where there is no required Notice of Change in place. In 2 of the 3 variations, the KPI was being reported as per the change:</p> <ul style="list-style-type: none"> Grass cutting- (verges & cemeteries) Renewal Deed, schedule 2, average no of visits p.a. states 9. Reporting KPI target measurement of 6. 	Medium	Section 13 of the Renewal Deed Variation and Change Control should be followed when HDC wish to introduce any changes to the agreement including the KPIs. The Notice of Change should be in sufficient detail so that it can be evaluated, including specifying the likelihood of any savings or additional costs.	Both Councils have accepted the changes however we will regularise the position by ensuring retrospective Notices of Change are provided.	Countryside Manager	April 2022

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		<ul style="list-style-type: none"> Litter bins emptying - Renewal Deed Table E states quantity of 320. Reporting KPI target measurement of 568 litter bins. Vehicle Inventory and Replacement Programme Renewal Deed, schedule 6, 15 vehicles to be replaced in 2020/21 estimated replacement cost of £647k. None replaced and there is no alternative replacement programme. 					
5	Governance is weakened if the JGG do not monitor the performance of ground maintenance and street cleansing.	<p>The Renewal Deed includes under 6.1 and in further details under section 10 that the JGG in place for the Waste Collection Service will also include the monitoring of this Renewal Deed.</p> <p>From reviewing the JGG's agendas and minutes for 2021 it is not evident from the minutes that ground maintenance and street</p>	Medium	The JGG should monitor the performance including the KPIs of ground maintenance and street cleansing.	This will be raised with BDBC immediately and future JGG meetings will have this information made available to it. The JGG will also review and agree the service KPIs measured.	Joint Chief Executive	April 2022 (next quarterly JGG Meeting)

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		cleansing performance monitoring (including the KPIs) is undertaken or is a regular agenda item. (This issue and recommendation are also included in the Waste Management Internal Audit report and management summary)					
6	Governance is weakened if there is not coordination and reporting between management.	As the Renewal Deed is a governance document relating to the delegated service agreement between HDC and BDBC, it was also discussed at Partnership Board Meetings. However, there is no provision in the Renewal Deed for this or reporting lines to ensure that decisions are disseminated to the HDC's Countryside Manager or the JGG.	Medium	If the ground maintenance and street cleansing is to be part of the remit of the Partnership Board then their role and responsibilities should be clearly defined in the Renewal Deed including their relationship to the Countryside Manager and JGG.	The formal role of governance sits with JGG, Partnership Board has no formal decision making powers therefore any discussions at Partnership Board must be passed to the Monthly meetings or JGG for consideration or action.	Joint Chief Executive	Complete