

DEPARTMENT	AUDIT REVIEW	AUDIT REF
Environment	Arboriculture Framework	8119004
<p>BACKGROUND</p> <p>The Arboriculture Works and Arboriculture Consultancy Framework 2018-2020 commenced in December 2018. The framework consists of 3 Lots; Lot 1 relating to aerial and non-aerial works, Lot 2 relating solely to non-aerial work and Lot 3 to the provision of consultancy and advice on arboriculture matters.</p> <p>The terms of the framework allow for the majority of work packages to be awarded by means of a direct award to the highest ranked supplier within each relevant Lot; for larger, planned and more complicated projects, however, a mini competition exercise can be undertaken, by inviting all relevant suppliers on the framework.</p> <p>SCOPE</p> <p>The objective of the review was to ensure that systems and procedures in place for the Arboriculture Framework are robust and comply with the Authority's Contract Procedure Rules.</p> <p>The scope of the Audit was to ensure that the Framework is operating as intended, paying particular attention to the following areas:</p> <ul style="list-style-type: none"> • Framework tender process; • Subcontracting procedures; • Monitoring of the contact; • Ordering and commissioning of work; • Monitoring and payment of work. <p>SUMMARY OF RESULTS</p> <p>During the course of the review significant procedural weaknesses were identified in relation to the operation of the Arboriculture Framework.</p> <p>A sample of 15 invoices was selected for testing, with the following results noted:</p> <ul style="list-style-type: none"> - In 14 out of 15 cases, the price charged for work exceeded the estimated price quoted. - Orders were not always raised prior to the invoice being received and paid. When orders were raised, there was limited detail recorded, giving insufficient information to identify the exact work commissioned. Sample testing also identified that verbal orders are being raised on occasion. - There was no evidence of monitoring of the quality of work provided being undertaken. - Checks for goods receipting were simply initialled and not verified; there were no, or insufficient records maintained to check against. Invoices were not checked prior to being signed as approval for payment. 		

Three fundamental weaknesses were identified during the current review; these are detailed in the attached action plan, along with the actions agreed to be implemented by management.

The remainder of the issues identified were three 'Priority 2' issues and one 'Priority 3' issue; summarised details are as follows:

- One instance was identified where a credit was due to the Authority, relating to an overpayment of £11,850. There was no evidence of monitoring having been undertaken to ensure this amount had been received and processed; the amount was only recovered following Internal Audit's query of whether it had been received.
- The Health & Safety team stressed a number of concerns relating to the 100% sub-contracting of the contract as they could not ensure the safety aspect of the contract was fully satisfied. Despite this, the decision was made by the evaluation panel to award the supplier who would be 100% sub-contracting with a place on the framework as the highest ranked supplier.
- Procedures for contract monitoring were undefined and not formalised. Responsibilities for contract monitoring the framework to ensure that all aspects of the tender process are implemented had not been formally assigned.
- Procedures for other Departments commissioning Arboriculture work by the Grounds Maintenance section were not defined; this had, on occasion, resulted in ad hoc work being requested urgently and orders not being raised until after the invoice received.

NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1 - Fundamental Weaknesses	3	Low
Priority 2 – Strengthen Existing Controls	3	
Priority 3 – Minor Issues	1	

Internal Audit review of the Arboriculture Framework 2019/20

Action Plan relating to 3* Issues identified

Ref	Summary of Issue Identified	Recommendation	Planned Action	Responsible officer Target Date for completion of actions
1	<p>Testing identified the following issues in relation to the ordering process:</p> <ul style="list-style-type: none"> - Orders were not always raised prior to the invoice being received. When orders were raised, there was limited detail recorded, giving insufficient information to identify the exact work commissioned. - Verbal requests were, on occasion, accepted to raise orders on the TOTAL job management system (when requests should be raised through hand-held devices or via e-mail in event of the devices not working). 	<p>Orders should be raised for all work commissioned prior to work commencement, detailing in full the agreed work to be undertaken.</p> <p>Verbal requests for raising orders on TOTAL should not be accepted.</p>	<p>Supervisors now raise job requests on their tablet device; there is no option to raise a PO via a telephone or verbal request. If a PO is needed, a notification is sent from the tablet device to the BSU HUB detailing that a PO is needed together with the information needed to raise a PO. The PO is then raised by the BSU Hub as required. A particular issue of concern under previous arrangements was that client officers from other Departments would contact the Grounds Supervisors directly, so all calls would be channelled through two individuals. This, in turn, placed pressures on the Supervisors to turn jobs around very quickly and hence the practice of verbal orders requests.</p> <p>We have, therefore, set up an enquiry process so that supervisors are not emailed directly, but instead the BSU Hub receives the request and raises an enquiry on Total and sends to the supervisor's device to enable the supervisor to assess the job request. Supervisors then enter the work required, likely costs for the work and whether the work can be done in-house</p>	<p>Grounds & Cleansing Manager</p> <p>Already implemented (September 2020)</p>

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			or alternatively request that a purchase order be raised if the work is to be issued to an external contractor.	
2	<p>Procedures for the receipting of goods (i.e., that the work was undertaken) are weak. Checks were simply initialled and not verified as there are no, or insufficient, corroborating records maintained.</p> <p>There was no evidence that staff monitor the quality of work being undertaken. Supporting documentation relating to the work undertaken by sub-contractors has not been requested, nor provided to support invoice details.</p>	<p>Procedures should be implemented to ensure that all work commissioned is undertaken to the agreed standard, within the timeframe set. Checks should be introduced to verify that work has been carried out.</p> <p>Supporting documentation relating to the work undertaken by sub-contractors should be requested and used to verify invoice details prior to payment.</p>	<p>Timesheets are received from external contractors for each job completed and in the event of the work being in excess of a single day's duration, further photographic evidence to verify completed work is submitted alongside the invoice. If the required information is not received, a further request is made to the contractor to submit the relevant information before the invoice can be paid.</p> <p>In relation to materials/goods ordered directly by the contractor – delivery notes are requested to support and verify the submitted invoices.</p> <p>These are subsequently saved in the folder along with the invoice for the supervisors to check against prior to signing and authorising payment.</p>	<p>Grounds & Cleansing Manager</p> <p>Already implemented (September 2020)</p>
3	<p>Invoices are not checked prior to being signed as approval for payment; they are simply signed as a matter of course.</p> <p>Internal Audit testing identified the following issues:</p>	<p>Before invoices are signed as approved for payment, the authorised signatory must be satisfied that all the appropriate checks have been</p>	<p>Invoices and relevant documents (timesheets/photos/delivery notes) are now saved in the appropriate folder for the relevant Supervisor who is</p>	<p>Grounds & Cleansing Manager</p>

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	<ul style="list-style-type: none"> - For 14 of a sample of 15 invoices tested, the price charged exceeded the estimated price. The total price exceeded for the 14 invoices was £23,025. - The higher day rate of £395 per day was the rate paid in all invoices tested, regardless of whether the work undertaken was aerial (higher price) or groundwork (lower rate). - Removal of green waste which was added to two invoices was incorrectly paid as the terms of the framework state that removal of green waste should be included in the cost of the work. - Plant and machinery, which was added to three invoices, was incorrectly paid as the terms of the framework specification state that equipment, plant and machinery should be included in the cost of the work. 	<p>undertaken to ensure that the invoice is due and appropriate for payment.</p>	<p>managing that job; the information contained within the folder is checked prior to signing off the work. Once agreed, the invoice is then transferred to the manager folder for final approval.</p>	<p>Already implemented (September 2020)</p>