

Internal Audit and Corporate Anti-Fraud (CAFT)

Street Scene Operations Review November 2015

Distributed to:

Chief Executive
Commissioning Director - Environment
Street Scene Director
HR Consultant
HR Director, CSG
Head of Estates

	No	Limited	Satisfactory	Substantial
Audit Opinion				

1. Executive Summary

Introduction

The Street Scene Operations Review has been included in the Internal Audit, CAFT and Risk Management Plan 2015-16. The audit is a joint Internal Audit and CAFT review.

Background & Context

The Council operates various Street Scene operations from Mill Hill depot at Bittacy Hill, Mill Hill East, and the Civic Amenity and Recycling Centre at Summers Lane for example:

- Recycling service
- Waste collection (Residential and Commercial)
- Street cleansing and graffiti removal
- Vehicle fleet maintenance
- Special Educational Need (SEN) and Adults Transport services
- Tree, park and grounds maintenance services

The Council is committed to vacate the Mill Hill Depot site by December 2016 and transfer Summers Lane by October 2015.

Corporate objectives

The audit supports all four of the strategic objectives in the Corporate Plan 2015 – 2020:

The council, working with local, regional and national partners, will strive to ensure that Barnet is a place:

1. of opportunity, where people can further their quality of life
2. where people are helped to help themselves, recognising that prevention is better than cure
3. where responsibility is shared, fairly
4. where services are delivered efficiently to get value for money for the taxpayer.

Audit and CAFT work completed

Corroborative interviews and review and testing of documentation were undertaken to confirm the adequacy and effectiveness of HR, Fleet Management, Waste and Recycling, Trade Waste and depot management processes.

In particular, recent CAFT investigations have been undertaken of which relevant findings have been included within this report where appropriate.

Key findings (informing No Assurance audit opinion)

There are 6 priority one and 6 priority two recommendations

The following issues, in order of significance, were noted:

1. Recruitment - conflicts of interest. Control processes to ensure the identification of personal relationships, close relatives and other potential conflicts of interest in relation to recruitment exercises were inadequate and ineffective. Instances were noted where interviewers interviewed close relatives as defined in the Staff Code of Conduct. **(Priority 1)**

2. Workforce Management – Governance arrangements (Priority 1)

- Instances were noted where there was no evidence of documented policies / procedures governing key processes for referral, communication and a clear understanding of requirements to ensure consistent related operation. For example, there were no formal documented policies/procedures evident for the collection of side waste, the use of fuel pumps on site and fuel key management.
- We found a lack of awareness of workforce policies by staff.
- Records of appraisals recorded on HR Core indicated that appraisers appraised close relatives as defined in the Staff Code of Conduct (see recommendation 1).
- There were significant instances where records of “Return to Work” interviews with sickness details and actions were not recorded on HR Core or scanned and sent to HR for central review and scrutiny.
- Where staff had requested annual leave that had been refused due to a lack of alternative staff being available, we noted instances of the requesting officer then calling in sick.
- We found weaknesses in record keeping of senior management approval of workforce related decisions.
- There was a lack of transparent approval or recording of training needs and subsequent attendance at training courses.
- There were inconsistencies between local HR paper files held within Street Scene and what has been recorded centrally in HR Core.
- Overtime payments in the Waste and Recycling Service and the overtime earned as a percentage of pay for 2 officers, potentially ‘close relatives’ as defined in the Staff Code of Conduct, were considered inappropriately high.

3. Risk of illicit payments. Control processes for identifying any non-compliant behaviour of waste operatives on waste collection routes were inadequate. Pro-active reviews of CCTV vehicle camera recordings were

not done. In addition there was limited rotation of operatives on waste collection routes allowing the potential to develop arrangements with businesses for illicit payments. **(Priority 1)**

4. Trade and residential waste - Refuse vehicle tracker monitoring.

Control processes for identifying out of borough movements of refuse vehicles were inadequate. Pro-active reviews of related reports were not done. **(Priority 1)**

5. Council fleet vehicles - Mileage / fuel usage records and monitoring. Mileage reporting and review processes were inadequate for identifying any misuse of the council vehicles for private purposes other than travel between home and the workplace. **(Priority 1)**

6. Mill Hill depot site security – The CCTV system in operation at the site was not fully operational. 8 of the 32 cameras covering the site were not working when we undertook a site visit 2/10/2015. We were also informed that night vision was poor rendering the system ineffective in the dark. There were no arrangements for the identification of people or physical inspection of vehicles entering/leaving the site to mitigate the risk of theft or other criminal activity. **(Priority 1)**

7. Side waste policy – We were provided with a Memo governing the process for the identification of side waste but this was not dated or subject to version control as we would have expected for a formally approved key procedure. The Memo was also not considered complete in our view as it did not define the approach for ensuring that excess waste was charged promptly. **(Priority 2)**

8. Policies and procedures – staff use of all Council fleet vehicles The Drivers Handbook setting out the policy in relation to the personal/private use of Council fleet vehicles by staff was not clear as to when vehicles could be used for private purposes. The approach being adopted is inconsistent across the service. **(Priority 2)**

9. PAYE for taxable benefit from private use of Council fleet vehicles - HR confirmed that Street Scene employees' PAYE calculations did not take into account the taxable benefit associated with the private use of vehicles which could lead to a potential liability to HMRC. HMRC guidance suggested that officer using vehicles for private travel between home and work are liable for PAYE on this benefit. **(Priority 2)**

10. Policies and procedures – staff use of all Council fleet vehicles - There was no formal documented policy or procedure governing the use of the fuel pumps and fuel key operation to ensure the consistent and correct application of related processes and controls. **(Priority 2)**

11. Trade Waste Market share - The methodology for the calculation of the Council's share of the trade waste market being 30% was considered suitable. However, the percentage was considered low when compared to

other boroughs and we were informed that there were plans to embed a process to improve market share involving Enforcement officers. **(Priority 2)**

12. Trade Waste Invoicing Follow-up – The follow-up was considered partly implemented. Our sample test confirmed that there were no errors within our sample but records of checks to ensure the accuracy of invoices in line with agreements were not retained for referral as per the original recommendation. **(Priority 2)**

To note:

Insight review and out of borough travel data

The ISyS muniDATA system records waste collection data which is:

- primarily used to improve route optimisation for waste collection – by maximising waste collections and reducing waste vehicle travel distances/time on routes – and
- reducing resident complaints about and the costs of council responses to their bins not being collected where residents have not left them out for collection at the correct time. Where bins have not been put out for collection this is recorded in muniData for responding to complaints and waste vehicles will not be sent out a second time to collect refuse in these instances.

A review of muniData was undertaken by the CSG Insight team to support the above objectives. The review also identified out of borough movements by some refuse collection vehicles. In March 2015, reports/feedback provided by Insight to Street Scene noted data anomalies, for example, data on recycling rates by ward was inconsistent with known trends and bin lifting times were considered improbable. Waste Intelligence Management interviewed during the audit were certain that out of borough movements noted were attributable to delayed system GPS signals and that the data was incorrect. The review of data by Waste Collection Management, Waste Intelligence Management and ISyS system data officers was still in progress at the time of the audit.

Area of Scope	Adequacy of Controls	Effectiveness of Controls	Number of Recommendations Raised		
			Priority 1	Priority 2	Priority 3
1. Policies and procedures – staff use of all Council fleet vehicles			1	3	0
2. Policies and procedures – Trade and residential waste collection and contract administration			2	2	0
3. Workforce Management			2	0	0
4. Risk Management			1	0	0
5. Follow-up	(Partly implemented See comment below)		0	1	0
Total			6	6	0

Acknowledgement	We would like to thank Street Scene management and officers for their time and co-operation during the course of the internal audit and CAFT review.
------------------------	--

2.1. Recruitment - conflicts of interest (Scope Area 3)

P	Detailed finding	Risk	Recommendation
1	<p>For any recruitment exercise, paragraph 6.5 of the “Staff Code of Conduct July 2013” requires the recruiting manager to note any declaration of “close relatives”, as defined, to ensure the objective unbiased assessment/evaluation, interview and selection of applicants or the perception of such objective assessment. There was no evidence on the recruitment files provided to us that this was done by the relevant officer in the recruiting service.</p> <p>Paragraph 6.3 of the “Recruitment and Selection Policy” requires members of the selection panel to declare, prior to interviews of applicants, any personal relationships with applicants. There was no evidence on the recruitment files provided to us that this was done by the relevant officer in the recruiting service.</p> <p>A process was not evident for central CSG HR to independently review application forms to identify and address personal interests and close relatives declared in application forms by applicants.</p> <p>This resulted in a breach of the “Employment of Relatives” policy paragraph 2.1 which states that officers should not be</p>	<p>If related conflicts, for example where “close relatives” apply for Council positions, are not declared, identified or addressed in relation to recruitment exercises, then there is a risk the most suitable candidate may not be secured for the position compromising overall service delivery.</p> <p>There is a further risk of ongoing substandard service delivery stemming from inherently compromised governance arrangements such as the potential lack of objective scrutiny and challenge of delivery by the new employee, for example as part of standard supervision processes.</p>	<p>Recommendation 1</p> <ul style="list-style-type: none"> a) CSG HR officers should review returned job application forms to identify, communicate and address any interest or close relatives declared on application forms. The action should ensure that the interview and evaluation panel is structured to ensure an unbiased objective assessment of the candidate for the role in line with the Employment of Relatives policy paragraph 2.1. b) The Staff Code of Conduct should be updated to require officers involved in the interview, evaluation and selection of candidates to formally complete a <u>recruitment</u> declaration of interest form, for example in relation to “close relatives” as defined, similar to the requirement at paragraph 9.10 of the Code of Conduct to complete a procurement declaration of interest form at the start of each procurement exercise. c) The recruitment declaration of interest form should formally record/confirm the existence or non-

<p>involved in the recruitment of ‘close relatives’ as defined in the Staff Code of Conduct.</p> <p>We also noted that in this case the members of the recruitment panel were not formally documented and recorded on the recruitment file at the time of the recruitment exercise for referral and scrutiny, where necessary.</p> <p>Paragraph 9 of the “Staff Code of Conduct” refers to the expectation that officers will declare conflicts of interest where they believe they exist. There is therefore no requirement for officers to formally declare at the start of the recruitment and in writing the <u>non-existence</u> of any conflicts of interest for referral for the avoidance of any doubt.</p>		<p>existence of conflicts which could compromise objective selection of a candidate, for example, where the candidate is a “close relative” as defined. This would prevent the lack of awareness of policy being raised as a defence for not declaring interests where necessary.</p> <p>d) The relevant Assistant Director / Director should sign off the declaration as evidence of appropriate review.</p>	
Management Response		Responsible Officer	Deadline
<p>a. Agreed. This requires the introduction of a new process which CSG will introduce and pilot for a 2 year period. During that time the impact of the additional control will be monitored and the results after the pilot will be brought back to Audit Committee.</p> <p>b. Agreed. The wording within the Code of Conduct will also be clarified around relationships.</p> <p>c. Agreed.</p> <p>d. Agreed. HR to devise a summary recruitment form which includes names of the members of the interview panel, declaration of no conflict of interest, who has been appointed and rejected. Reason for rejection to be included. Where a relationship has been declared the Director</p>		<p>(a) – (d) Human Resources Director Customer and Support Group(Capita)</p>	<p>February 2016</p>

should sign off the declaration as evidence of appropriate review. The completed signed form to be scanned and sent to HR in Belfast.

2.2. Workforce Management – Governance Arrangements (Scope Area 3)

P	Detailed finding	Risk	Recommendation
1	<p><u>1. Policies and procedures</u></p> <p>a. Instances were noted where there was no evidence of documented policies / procedures governing key processes for referral, communication and a clear understanding of requirements to ensure consistent related operation. For example, there were no formal documented policies/procedures evident for the collection of side waste, the use of fuel pumps on site and fuel key management.</p> <p>b. We found a lack of awareness of workforce policies by senior staff, for example awareness of the Drivers Handbook governing the private use of Council fleet vehicles.</p> <p>c. Records of appraisals recorded on HR Core that were provided by CSG indicated that appraisers appraised close relatives as defined in the Staff Code of Conduct which inherently compromises perceptions of</p>	<p>If the expected manner of delivery of a service is subject to different interpretations by officers owing to it not being formally defined, there is a risk that teams may follow inconsistent and incorrect approaches, for example, in relation to the collection of side waste leading to potential lost income.</p> <p>If records of return to work interviews are not recorded centrally in HR Core after all periods of absence, then sickness causes and related trends may not be identified and opportunities to address causes and reduce future sickness may be lost.</p> <p>If records supporting decisions or staff management issues are not retained for later scrutiny / challenge where necessary, then there is a risk that decision takers may not be able to evidence having exercised due care and skill or being objective when taking</p>	<p>Recommendation 2</p> <p>a) Policies and procedures governing key processes should be formally documented and communicated.</p> <p>b) Governance arrangements for Workforce Management in Street Scene should be reviewed and approval sought from the Workforce Board for the documented changes, for example, to ensure that appraisals and overtime authorisations are not undertaken by management who are close relatives of the relevant officer.</p> <p>c) All sickness should be recorded in Core and records of return to work interviews and related issues should be recorded in HR Core after each period of absence. Where this is not possible a corporate Return to Work form should be completed, scanned and sent to HR to be held on the employee's file.</p>

<p>objective scrutiny and challenge around performance.</p> <p>d. For absence reporting we noted that for 191 out of 206 instances (93%) of absence leave for the period 1 April 2014 to date there was no record of the “Return to Work” interview in the HR Core records provided to us. Of these, there were 57 instances of absence of 5 days or more.</p> <p>Sickness needs to be put on HR Core and where it is not possible to record the Return to Work interview within Core, Return to work forms need to be completed once any member comes back from sick leave. These should be scanned and sent to HR.</p> <p>The Attendance Management Policy dated April 2013 referred to “Return to Work Guidance” as follows:</p> <p>“Return to work interviews” should be conducted after every period of absence in order to identify the cause of the absence.</p> <p>Managers were advised in the Policy to make a short note of the areas and issues discussed.</p> <p>We were informed of practices whereby staff had requested annual leave that had been refused due to a lack of alternative staff being available, then the requesting officer then calling in sick. If return to work</p>	<p>decisions.</p> <p>If a culture of allowing the use of overtime to achieve service delivery objectives is embedded in any Service, then there is a risk that staff may undertake overtime work unnecessarily, for example where delivery may be achievable during normal working hours leading to completion at higher overtime rates and higher overall payroll costs.</p>	<p>d) For workforce related decisions, records of approval for example, to attend training that could lead to an enhanced salary, should be retained for referral.</p> <p>e) Documented training needs assessments should be undertaken prior to officers attending training courses.</p> <p>f) A review of HR Records Management in Street Scene should be undertaken and local HR records held by Street Scene should be scanned and held centrally by CSG HR to avoid unnecessary duplication, inconsistency or lack of appropriate records.</p> <p>g) The approach / policy for allowing overtime should be reviewed, updated and communicated where necessary to ensure that it is only used in the appropriate circumstances where work genuinely required cannot be done during normal work hours.</p> <p>h) Instances where a period of sickness absence was taken after a request for annual leave was refused should be recorded as part of the Return to Work interview process and investigated further by line</p>
--	---	---

<p>interviews were being undertaken and recorded within Core as expected this would enable further investigation of this issue.</p> <p><u>2. Records Management</u></p> <p>We found weaknesses in record keeping of senior management approval of workforce related decisions, for example there was a lack of transparent approval or recording of training needs and subsequent attendance at training courses which could lead to an enhanced salary.</p> <p>There was an inconsistent approach to record keeping for HR matters and we noted local HR paper files held within Street Scene but no central log of what is held locally. We noted some pre-Core HR files held locally that had never been maintained within SAP so that the data was not migrated to Core. These records are therefore not now visible on the central system HR Core.</p> <p>The rationale for what had / had not been recorded centrally in HR Core or the E-recruitment system was not clear, for example the lack of records of who participated in the interview panels.</p> <p><u>3. Waste and Recycling overtime analysis</u></p> <p>We undertook a brief analysis of overtime payroll records to identify potential</p>		<p>management as appropriate.</p>
--	--	-----------------------------------

anomalies. Overtime paid to the Waste and Recycling Service in Street Scene was as follows:

2014-15	2015-16 (6 months April to September)
£341,517	£153,776

We also noted the following in relation to 2 officers potentially 'close relatives' of Senior Management as defined in the Staff Code of Conduct:

Officer	Fixed pay / Salary 1/4/2014- 30/9/2015	Overtime 1/4/2014- 30/9/2015	Total pay	Over- time %
A	£49,230	£15,407	£64,637	24%
B	£53,934	£9,884	£63,818	15%

Our view is that overall overtime payments are significant. The overtime earned by officers A and B is also high in relation to their fixed salary component. The expectation is that while overtime may be justified the Council should avoid paying overtime when the work could be delivered during normal hours or should be covered as part of an officer's fixed salary.

Management Response	Responsible Officer	Deadline
a. Agreed.	(a) Human Resources Director Customer and Support Group(Capita)	February 2016
b. Agreed. Governance arrangements will be reviewed to ensure alongside 2.1, proper protocols are in place.	(b) and (c) Street Scene Director	b) March 2016
c. Agreed. Return to work interviews will be recorded by scanning in copies of employer / employee signed returns for centrally held CSG HR records.		c) December 2015
d. Agreed. HR will devise a corporate form which includes the workforce related decision, to record approval to attend training that could lead to an enhanced salary, and is counter signed by a Director or Assistant Director where there could be a conflict of interest. HR will update and amend the Post-Entry Training guidance to reflect this requirement.	(d) and (e) Human Resources Director Customer and Support Group(Capita)	February 2016
e. Agreed. Documented training needs assessments will be included on the HR Form as detailed in (d) above and should be undertaken prior to officers attending training courses and documented in mid-year and final year Appraisals.		
f. Agreed. HR records will no longer be retained locally. Street Scene will scan the documents currently held locally and will provide them to CSG HR for retention on the appropriate employee files to enable timely access and retrieval of these documents as and when required.	(f) Street Scene Director and Human Resources Director Customer and Support Group(Capita)	March 2016

<p>g. Agreed.</p> <p>h. Agreed. The Return to work form and revised Sickness Policy will include reference to instances where a period of sickness absence was taken after a request for annual leave was refused and the need for this to be investigated further by line management as appropriate.</p>	<p>(g) and (h) Human Resources Director Customer and Support Group(Capita)</p>	<p>February 2016</p> <p>(h) Return to Work form - February 2016</p> <p>Sickness Policy - October 2016 (current estimate, dependent on Unified Reward)</p>
---	--	---

2.3 Risk of Illicit Payments - Vehicle CCTV monitoring / Route rotation (Scope Area 2)

P	Detailed finding	Risk	Recommendation
1	<p>The Council's CAFT team has recently investigated an instance where an operative received and personally retained payments for collecting trade waste from businesses with which the Council did not have a signed agreement. This led to the operative's dismissal. A further similar case has subsequently been referred to CAFT.</p> <p>CCTV The Council's refuse collection vehicles are all fitted with CCTV cameras on the sides, front and rear of the vehicles to view operations around the vehicles. It is possible</p>	<p>If operatives believe misconduct along collection routes will not be detected, then there is a risk that culture of misconduct, for example using Council refuse collection vehicles for private waste collections, may develop at a cost to the Council.</p> <p>If staff remain on the same routes for excessive periods so that knowledge of and familiarity with businesses/traders improves, then there is a risk that relationships conducive to improper behaviour may evolve/develop, for</p>	<p>Recommendation 3</p> <p>a) A process should be introduced and documented to review camera recordings pro-actively on a <u>sample</u> basis to ensure that cameras are operating correctly at all times and to identify non-compliant behaviour, such as accepting amounts for private collections from businesses with whom the Council does not have trade waste agreements or for identifying non-attendance at work.</p> <p>b) The 'Data Protection Council Vehicle</p>

<p>for the CCTV cameras, in particular those on the sides, to be re-positioned to hide misconduct.</p> <p>There is a 'Data Protection Council Vehicle Mounted CCTV, Vehicle Tracking and Electronic Data Management Systems Policy' which sets out good practice standards by those operating CCTV, Vehicle Tracking and Electronic Data Management Systems on Council Vehicles. The policy stated that the system should not being used for targeted monitoring of the workforce.</p> <p>The camera recordings are not visible real time from a central location. Related recordings are only reviewed in response to incidents, for example attacks on drivers, resident complaints or enquiries by the Met Police.</p> <p>The records are not reviewed pro-actively to identify non-compliant behaviour such as identifying operatives taking monies for personal deliveries or identifying where cameras have been repositioned.</p> <p>Route rotation Operatives on collection routes are not subject to periodic route rotation. Management indicated that it was generally preferable to keep operatives on the same</p>	<p>example for accepting monies for private collections from customers with whom the Council does not have an agreement at a financial and reputational cost to the Council.</p>	<p>Mounted CCTV, Vehicle Tracking and Electronic Data Management Systems Policy' should be updated, in conjunction with the Council's Data Protection team, to facilitate the use of such pro-active monitoring.</p> <p>c) The procedure should also emphasize the implications of such misconduct and should be communicated to all refuse collection operatives as a deterrent to such misconduct.</p> <p>d) Waste collection operatives should be rotated between collection crews periodically to prevent the development of rogue relationships with businesses on routes.</p>
---	--	---

route to ensure smooth and effective operation and service delivery.		
a) Agreed – A process for correct positioning of cameras is already underway. A matrix of risk-assessed intelligent sampling will be introduced to ensure compliant operations.		Street Scene Director March 2016
b) Agreed - The council’s policy will be refreshed, consulted and communicated.		
c) Agreed – The policy will clearly reference the Council’s conduct procedure as a deterrent.		Head of Business Improvement and Contract Management March 2016
d) Agreed – A process for rotating waste collection operatives will be undertaken which ensures a balance between good customer service, knowledge of rounds and bin locations, as well as ensuring the prevention of rogue relationships.		Waste & Recycling Manager February 2016

2.4 Refuse vehicle tracker monitoring (Scope Area 2)

P	Detailed finding	Risk	Recommendation
1	<p>As noted in recommendation 3 above, the Council’s CAFT team has recently investigated an instance where an operative received and personally retained payments for collecting trade waste from businesses with which the Council did not have a signed agreement. This led to the operative’s dismissal.</p> <p>The Council’s refuse collection vehicles are fitted with vehicle trackers to identify where they are located along collection routes through the muniTracker system. A GPS</p>	<p>If operatives believe that misconduct along collection routes will not be detected or challenged, then there is a risk that culture of misconduct, for example using Council refuse collection vehicles for private waste collections, may develop at a cost to the Council.</p>	<p>Recommendation 4</p> <p>a) A process should be introduced and documented to pro-actively review vehicle tracker output reports on a <u>sample</u> basis to ensure that tracking systems remain on/operational at all times and to identify and challenge potential non-compliant behaviour, such as leaving designated routes without authorisation.</p> <p>b) The vehicle tracker reports and vehicle CCTV camera recordings</p>

<p>facility can identify where the vehicle is along the route once the vehicle registration is input to muniTracker.</p> <p>Similarly to vehicle CCTV camera recordings, vehicle tracker reports are reviewed re-actively in response to reported incidents or queries but are not viewed proactively for monitoring purposes to identify for instance where vehicles may have left the borough or a particular collection route.</p>		<p>should be used together to optimise pro-active monitoring of movements.</p> <p>c) The procedure should also emphasize the implications of inappropriate conduct and should be communicated to all operatives as a deterrent to such unauthorised operation.</p>	
Management Response		Responsible Officer	Deadline
<p>a) Agreed – Tracker output reports will be produced on a regular basis to identify and challenge non-compliance. This will be documented and communicated.</p> <p>b) Agreed – Ref 3a above, risk-assessed intelligent sampling will be utilised alongside tracker output reports to pro-actively review vehicle movements.</p> <p>c) Agreed – The revised procedure will clearly reference the Council’s conduct procedure as a deterrent.</p>		<p>Head of Business Improvement and Contract Management / Supervisors</p> <p>Heads of Service / Supervisors</p> <p>Head of Business Improvement and Contract Management</p>	<p>January 2016</p> <p>March 2016</p> <p>March 2016</p>

2.5 Mileage / fuel usage records and monitoring (Scope Area 1)

P	Detailed finding	Risk	Recommendation
---	------------------	------	----------------

<p>1</p>	<p>We found that waste and recycling supervisors were, as per the Drivers Handbook, allowed to take Council vans home if authorised by their line manager (see recommendation 8).</p> <p>There was evidence of the monitoring of mileage and fuel usage at a strategic and operational level. It was however evident that the processes were inadequate to identify personal/private misuse of vehicles by drivers.</p> <p>Unlike the Council's refuse collection vehicles, the vans were not fitted with tracking equipment and systems to allow for more precise identification and monitoring of vehicle movements.</p> <p>Interviewees indicated that a compensating control was that private/personal use was likely to be reported by members of the public.</p> <p><u>Strategic monitoring</u></p> <p>Operatives used unique – in line with vehicle registration – fuel keys when filling up at the diesel pump located on site at Mill Hill depot. The process required the input of the vehicle's odometer reading. Reports of vehicle mileage and fuel usage were provided weekly by the Transport Service to</p>	<p>If staff believe that they can use vehicles for private/personal purposes without detection, then there is a risk that a culture of using vehicles for private purposes may develop/embed at an unnecessary cost to the council, damaging the reputation of the Council as an organisation responsible for the proper use of public funds.</p>	<p>Recommendation 5</p> <p>The Delivery Unit should investigate the viability of fitting the vans with trackers for a precise record of vehicle movements to allow for the more effective monitoring of private misuse of vehicles.</p> <p>Alternatively, arrangements should be introduced for more specific monitoring - on a <u>random</u> basis - of vehicle travel over controllable periods, reconciled to odometer readings and known distances between home and work to identify and challenge for gaps/discrepancies.</p>
----------	---	---	---

an officer responsible for the Waste and Recycling service and an officer responsible for Green spaces and Street Cleansing services to;

- support budget monitoring for service areas; and
- to identify excessive/inefficient use of fuel by vehicles.

The detail was too aggregated to support the specific identification of private/personal use.

In terms of physical controls, the fuel pump was visible to officers in the guard house, albeit only when the site was not busy. The camera on the roof of the guard house and directly above the fuel pump provided a clear view of the fuel pump on CCTV screens.

Operational monitoring

Drivers in all services were required to complete vehicle defect sheets on a daily basis which also included recording the business mileage at the start and end of each business day. Daily/weekly recording processes were not consistent between services as only drivers in Grounds Maintenance were also required to provide a breakdown of daily mileage travel between their homes and work in a weekly summary schedule. Although this more detailed breakdown could support a more effective

	<p>process for identifying specific instances of private use, we confirmed that the records were not used for such purposes, for example tests to actual odometer readings could not be evidenced.</p>			
	<p>Agreed - Tracking devices are fitted to the majority of council vehicles and will be fitted to all council vehicles inclusive of vans. There is an exception where vehicles are hired on a short term basis and fitting of trackers would not be financially viable. Vehicle mileages will also be monitored to ensure they are reconciled to known averages by type.</p>	<p>Head of Business Improvement and Contract Management / Heads of Service</p>	<p>January 2016</p>	

2.6 Risk Management (CCTV and Mill Hill depot site security) (Scope Area 4)

P	Detailed finding	Risk	Recommendation
1	<p>We undertook a site review of the Mill Hill depot on 2/10/2015.</p> <p>The site is under guard 24/7 and the storage areas within the site are kept locked and secure after hours from 5pm.</p> <p>The site is protected by CCTV which is managed/viewed on screens in the guard house at the entrance of the site.</p> <p>8 of the 32 CCTV cameras were not functioning at the visit on 2/10/2015.</p> <p>The CCTV system does not have night</p>	<p>If operatives believe that misconduct at the site will not be detected or challenged, then there is a risk that a culture of misconduct, for example the theft of fuel at the fuel pump, may develop at a financial and reputational cost to the Council.</p> <p>If people and vehicles entering and leaving the site are not checked there is a risk of theft or other criminal activity going unnoticed.</p>	<p>Recommendation 6</p> <ul style="list-style-type: none"> a) The implementation of a fit for purpose CCTV system should be investigated as part of the move to the new site, planned in December 2016. b) In the interim, the broken cameras should be repaired immediately to ensure that the entire site is visible during the day. c) Security processes such as maintaining a physical presence at the fuel pump should be implemented

<p>vision capability meaning that there is no visibility of the site on screen in the dark at night.</p> <p>The camera above the fuel tank and the camera on the roof of the guard house displaying the fuel tank were operational on 2/10 mitigating the risk of fuel theft from the pump. The fuel pump is also visible from the guard house when the site is clear but we were informed that the tank could occasionally be blocked by vehicles when the site is busy.</p> <p>Interviewees were clear on escalation routes should issues be noted and would report these to the relevant service manager.</p> <p>Security did not undertake identification of people or physical inspection of vehicles leaving or entering the site.</p>		<p>in line with risks, for example the increased risk of theft of fuel when the pump is hidden from CCTV cameras by vehicles or not visible via CCTV due to poor light.</p> <p>d) Spot checks of people and vehicles entering and leaving the site should be introduced as should increased site patrols.</p>	
Management Response		Responsible Officer	Deadline
(a) Agreed. This requirement is part of the specification for the new site.		(a) Head of Corporate Programmes, CSG	Implemented
(b) Full repairs to the inoperable cameras have been scheduled to take place on 26th and 27th November 2015. This will also include a service to the DVR reader and monitor.		(b) – (d) Acting Facilities Manager CAPITA Customer and Support Group	27/11/2015
(c) It has now been implemented that Security carry out spot checks at the diesel pump to reduce risk of theft. This will be at sporadic times including when the pump is not visible			Implemented on 18/11/2015 and will continue.

<p>form the gatehouse.</p> <p>Security have increased their hourly patrols to every 30 minutes to improve visibility and to act as a deterrent. Just to add, the patrols that are carried out at night covers the whole Mill Hill Depot site and allow security to visit areas that are not clearly visible on camera.</p> <p>(d) Security will continue to carryout spot checks on site which will involve checking of visitors to the site. If ID is not displayed or supplied upon request then contact will be made with Service Managers. Security to be informed of any visitors prior to the visit.</p> <p>Spot checks will be undertaken on/in vehicles entering and leaving the site, for example, to identify illegal substances being brought on site or the theft of items being taken off-site</p>		<p>Has been in operation since May 2012. Increased patrols from 18/11/2015</p> <p>Implemented on 18/11/2015 and will continue. 23/11/2015</p>
---	--	---

2.7 Side waste policy (Scope Area 2)

P	Detailed finding	Risk	Recommendation
2	<p>A judgement-based approach is adopted in relation to side trade waste, in excess of the contractual amount on the crew sheet. If the excess is small, it will be taken. If it is considered excessive, it will be noted on the crew sheet and taken. The sheets are reviewed by the Collections team and where trends are noted an Enforcement Officer will be sent to assess whether the business requires an updated contract.</p> <p>We were provided with a Memo which defined the process for the Trade Waste</p>	<p>If the approach to the collection and charging of side waste is not consistent from team to team, then there is a risk that businesses may not be charged for all waste collected or there may be opportunities for operatives to receive illicit illegal payments for the private collection of side waste leading to a loss of income to the Council.</p>	<p>Recommendation 7</p> <p>A complete formal policy / procedure on the treatment of Trade and Residential side waste should be approved by senior management, dated and subject to version control. The policy should document all aspects of the process to ensure a consistent approach to side waste identification, recording, collection and charging across collection crews and the Enforcement team.</p>

<p>Collection crews where excess waste was identified.</p> <p>The Memo was not dated or subject to version control as we would have expected for a formally approved key procedure.</p> <p>The Memo was also not considered complete in our view as it did not define the policy and approach for ensuring that excess waste was charged promptly.</p>			
<p>Management Response</p>		<p>Responsible Officer</p>	<p>Deadline</p>
<p>Agreed, a policy for the treatment of side-waste will be refreshed, approved and communicated. This will be further reviewed in the light of any relevant changes following agreement and adoption of the municipal recycling and waste strategy.</p>		<p>Street Scene Director</p>	<p>February 2016</p>

2.8 Policies and procedures – staff use of all Council fleet vehicles (Scope Area 1)

P	Detailed finding	Risk	Recommendation
<p>2</p>	<p><u>Policy</u></p> <p>Council vans are taken home by Street Scene supervisors in Green spaces, Grounds Maintenance and Waste and Recycling.</p> <p>There was no evidence of the “Drivers</p>	<p>If the policy on the private use of Council vehicles is not clearly defined and is open to interpretation so that Council vehicles are unintentionally or intentionally used for personal use other than travel between home and work, then there is a risk of increased costs to the Council and potentially insurance claims</p>	<p>Recommendation 8</p> <p>a) For the avoidance of any doubt, the Drivers Handbook should be updated to clarify the position on the private use of Council vehicles, for example, paragraph 5.1 should be updated to read as follows:</p>

<p>Handbook”, developed by the Transport Service, having been formally approved at Delivery Unit Senior Management Level and it was not subject to a version and formal change control process.</p> <p>The Handbook sets out the policy for the private use of Council fleet vehicles. The intention was that there should be no personal/private use other than travel between home and work.</p> <p>Paragraph 5.2 indicated that the only personal / private use allowed was travel between home and work when authorised by the line manager but this was contradicted by paragraph 5.1 which could be construed as allowing line managers to authorise personal use. Paragraph 5.1 read as follows:</p> <p>“5.1 Council vehicles are provided for business use and must not be used <u>for personal use</u> or for any activity <u>not authorised</u> by the Council or <u>your line manager</u>.”</p> <p><u>Application of Policy</u></p> <p>Interviews with supervisors confirmed their understanding of the policy as follows confirming the need for further clarification of the Council’s position:</p>	<p>being rendered invalid in the event of an accident.</p>	<p>“5.1 Council vehicles are provided for business use and must not be used for personal use.”</p> <ul style="list-style-type: none">b) The Driver’s Handbook should be formally approved at Delivery Unit Senior Management Level and subject to version and formal change control process when reviewed and updated.c) The updated Drivers Handbook should be circulated to the relevant Green spaces officers and operatives for review and sign-off. Records of sign-off should be retained centrally for referral.
---	--	--

- Grounds Maintenance: no private use
- Street Cleansing: limited private travel allowed
- Waste and recycling 1: private use allowed if authorised
- Waste and recycling 2: no private use allowed.
- Waste and Recycling 3: no private use allowed

All supervisors confirmed that the Drivers Handbook had been circulated to operatives for review and sign-off to confirm that they had read and were aware of the policy.

Actual private misuse of Council motor vehicles

Supervisors interviewed could not recall significant/wide scale private/personal misuse of Council vehicles:

- Grounds Maintenance: not aware of significant misuse of vehicles for private use but was aware that it did occur, for example an incident the previous year when an officer used a vehicle to collect a take away.
- Street Cleansing: aware of an incident a few years ago in relation to the private use of a vehicle by a

	<p>supervisor. Also recalled a case of misuse more recently in 'another section'.</p> <ul style="list-style-type: none"> - Waste and recycling 1: not aware of any private misuse recently. However recalled an incident some years before where an officer took a vehicle to Sheffield. - Waste and Recycling 2: not aware of any private misuse of Council vehicles. 		
Management Response		Responsible Officer	Deadline
	<p>a) Agreed – The Drivers Handbook needs to be refreshed to provide clarity on private use.</p> <p>b) Agreed – Refreshing the Drivers Handbook will include approval by the Senior Management Team and signing off as part of the formal change control process.</p> <p>c) Agreed – The Drivers Handbook update will be circulated to all relevant Street Scene staff requiring sign-off and this sign-off will be retained.</p>	<p>Head of Business Improvement and Contract Management</p> <p>Street Scene Director</p> <p>Heads of Service / Supervisors</p>	<p>February 2016</p> <p>March 2016</p> <p>March 2016</p>

2.9 Policy / procedures – fuel pump and fuel master key operation (Scope Area 1)

P	Detailed finding	Risk	Recommendation
2	<p>The responsible officer was not aware of a documented policy/procedure governing the use of the fuel pump, including the use of jerry cans or fuel keys, including the master</p>	<p>If staff are not aware of requirements/rules for key processes, then there is a risk of inconsistent and</p>	<p>Recommendation 9</p> <p>a) A formal policy governing fuel pump operation and fuel key issue and</p>

<p>fuel keys. The expectation is that the approaches for key processes are documented and communicated for clarity and for the avoidance of any doubt as to the requirements.</p>	<p>incorrect application of the desired approach, in this instance the unauthorised use of fuel master keys and the misappropriation or excessive use of fuel at a cost to the Council.</p>	<p>control at the Mill Hill Depot site should be documented for referral, approved by Senior Management and communicated, including to service responsible for site security. This should cover:</p> <ol style="list-style-type: none"> 1. Control/security of fuel keys and particularly master keys for example the maintenance of usage logs/records (log of when taken, date taken, authorisation, reasons for use and date returned). It should also be clear on when master keys may be used. 2. The use of the fuel pumps to mitigate the risk of theft, including rules for filling jerry cans on site. <p>b) The policies should be signed off as having been read by staff and evidence of sign-off retained.</p>	
Management Response		Responsible Officer	Deadline
	<p>a) Agreed – The existing policy for fuel pump operations and fuel key issue will be refreshed. This will also include security of fuel keys / master keys and filling of jerry cans.</p> <p>b) Agreed - The updated policy will be circulated to all relevant Street Scene staff requiring sign-off and this sign-off will be retained.</p>	<p>Head of Business Improvement and Contract Management</p> <p>Heads of Service / Supervisors</p>	<p>February 2016</p> <p>March 2016</p>

2.10 PAYE for taxable benefit from private use of Council fleet vehicles (scope Area 1)

P	Detailed finding	Risk	Recommendation	
2	<p>We confirmed with CSG Payroll that there were no officers on the Barnet Council payroll being taxed for the benefit associated with the private use of Council vehicles. There were no PAYE adjustments for staff using Council vehicles for private use, for example travel between home and work. The view of HR was that HMRC would need to be informed about such private use.</p> <p>Our review of the HMRC guidelines suggested that the Council would be liable for PAYE on such private use.</p>	<p>If the taxable benefit from the private use of Council vehicles is not addressed correctly by Payroll, then the Council may be held liable to HMRC for unpaid related PAYE which was not collected from employees' monthly/weekly.</p>	<p>Recommendation 10</p> <p>Street Scene Management should refer the issue to the Council's Finance section and HB Public Law for review and confirmation of the position for communication to CSG Payroll as necessary.</p> <p>The Drivers Handbook should be updated to emphasise that private use is not permissible and that the Council would be liable for PAYE on any such private use.</p>	
Management Response			Responsible Officer	Deadline
<p>Agreed - Street Scene will refer this issue to both Finance and HB Public Law to obtain confirmation of the position and will then consult with staff accordingly.</p>			Street Scene Director	February 2016

2.11 Trade Waste Market share (Scope Area 2)

P	Detailed finding	Risk	Recommendation
2	<p>We challenged the calculation supporting Street Scene's assertion that the Council held approximately 30% of the trade waste</p>	<p>If businesses do not have trade waste agreements with the Council or other providers, then there is an inherent risk</p>	<p>Recommendation 11</p> <p>a) The enforcement plan to identify</p>

<p>market in the borough as this was considered low in relation to other boroughs. The figure was based on the number of agreements held by the Council (2500) as a percentage of the total businesses with premises (8507), 29.4%. The figure was provided by an officer in Street Scene responsible for Waste Futures and Borough Cleanliness. The figure of 2500 was broadly consistent with the range of 2300-2500 referred to by another officer in the service. The figure of 8507 was broadly consistent with a report produced by CSG called "Green streets transformation and Commercialisation Handover: 1/4/2014" which reflected a figure of 8317 businesses with premises from Business rates records. The figure varies as businesses start in and leave the borough.</p> <p>The officer interviewed indicated that a programme of greater enforcement was planned to identify Businesses without a formal agreement for the collection of trade waste which could potentially increase market share.</p>	<p>that trade waste collections may be undertaken privately by Council staff aware of such businesses along collection routes.</p>	<p>businesses without a trade waste collection agreement/licence should be developed, approved and commenced.</p> <p>b) The impact on market share should be assessed as part of standard performance processes.</p>	
<p>Management Response</p>		<p>Responsible Officer</p>	<p>Deadline</p>

<p>a) Agreed - Development of the Enforcement Plan is underway and will be prepared in draft for February 2016. It is intended to pilot the enforcement plan approach in order to review and fine-tune the model, this will be undertaken during drafting through to March 2016.</p>	<p>Street Scene Director</p>	<p>March 2016</p>
<p>b) Agreed - Market share impact will be reviewed annually.</p>	<p>Street Scene Director</p>	<p>September 2016</p>

2.12 Trade Waste follow-up (Scope Area 5)

P	Detailed finding	Risk	Recommendation
<p>2</p>	<p>We followed up the recommendations in the Trade Waste Income Management letter January 2015.</p> <p>We selected a random sample of 14 credit notes in Integra across the period 1/4/2015 to 31/8/2015 and found they were all allocated against the relevant invoice raised annually in advance. The credit notes were allocated promptly after they had been authorised in line with the improved process recently introduced for the review, authorisation and allocation of credit notes.</p> <p>We selected a random sample of 12 invoices across the period from 1/4/2015 to 31/8/2015, and found the rates applied and calculations were correct based on the price schedule provided which were based on the published rates per bin on the Council's website. Invoice calculations were also</p>	<p>If evidence of checks for the accuracy of invoicing and credit notes is not retained for review and scrutiny to formally demonstrate that they have been undertaken, then it will not be transparent if invoicing errors have been identified and ignored.</p>	<p>Recommendation 12</p> <p>Records of checks to ensure the accuracy of invoicing in line with up to date and signed agreements should be retained for referral.</p>

<p>consistent with current signed agreements in terms of service provided, bin sizes, start dates and numbers of collections per week. The Access database of customer information was also consistent with signed agreements for the sample tested.</p> <p>However records of management checks of invoices were not retained for referral as previously recommended.</p>			
Management Response		Responsible Officer	Deadline
Agreed - Records of management checks will be retained in future.		Street Scene Director	January 2016

Timetable	
Terms of reference (fieldwork start)	04 August 2015
Fieldwork completed	28 October 2015
Draft report issued – factual accuracy	3 November 2015
Draft Management responses received	Estates (20/11/2015), HR (26/11/2015), Street Scene (26/11/2015)
Final Report Issued	9 December 2015

Appendix A: Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below:

- The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.
- Recommendations for improvements should be assessed by you for their full impact before they are implemented.
- The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity.
- Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.
- Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents.
- Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Appendix B: Guide to assurance and priority

The following is a guide to the assurance levels given:

	Substantial Assurance	There is a sound system of internal control designed to achieve the system objectives. The control processes tested are being consistently applied.
	Satisfactory Assurance	While there is a basically sound system of internal control, there are weaknesses, which put some of the client’s objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the system objectives at risk.
	Limited Assurance	Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The level of non-compliance puts the system objectives at risk.
	No Assurance	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Priorities assigned to recommendations are based on the following criteria:

- 1** – Fundamental issue where action is considered imperative to ensure that the Council is not exposed to high risks; also covers breaches of legislation and policies and procedures. Action to be effected within 1 to 3 months.
- 2** – Significant issue where action is considered necessary to avoid exposure to significant risk. Action to be effected within 3 – 6 months.
- 3** – Issue that merits attention/where action is considered desirable. Action usually to be effected within 6 months to 1 year.