

AUDIT REPORT 23'023**ENVIRONMENTAL & COMMERCIAL SERVICES STORES****Executive Summary**

The annual Internal Audit plan for 2022/23 provided for a review to be undertaken of the Environmental & Commercial Services Stores. The stores is located at the Ashgrove Depot in Elgin and includes both internal and external storage facilities. This is the primary storage facilities for meeting the needs of Roads, Cleaning and Fleet Services. In addition, the stores is also responsible for the purchase and issue of approved clothing for all Council Services. The stores system has 1225 lines of individual stock items, which can vary in value from a few pounds to upwards of £1,000. Approximately £1.2 million of stock items were issued from stores in 2022/23.

The audit used the Chartered Institute of Public Finance Accountants audit programme to review the systems and controls in managing stock held within Stores. The Service uses a software application called Tranman for administering the stores system. Testing also included a review of the security arrangements to safeguard against unauthorised access to the storage areas.

The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

Overall the audit found the stores system to be effectively managed. However, the review has highlighted the following areas for consideration:

- It was noted that Tranman has functions and reporting facilities to assist in the effective management of a stores system. However, it was found that no minimum or maximum stock figures have been set against each stock item. The maintenance of stock levels at the appropriate levels is important to ensure the cost effective and efficient delivery of the Service.
- It was found that no review to highlight slow moving stock within stores had been undertaken for a number of years. It is appreciated that over the last few years the restrictions to systems and practices due to the pandemic. However, in accordance with good stock management arrangements, a review should now be undertaken of slow moving stock and consideration should be undertaken to whether these items should be sold or disposed.
- As part of the audit review, testing was undertaken to verify the average price stock valuation used within Tranman. The majority of individual stock valuations tested were found to be correct. However, it was noted that a minor costing

error occurred when stock items were received and items issued before a revised price was recorded within Tranman. Analysis found that the materiality of the error is low, but revised procedures have now been amended and the software supplier of Tranman advised to develop a solution to resolve the issue.

Recommendations

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Effective systems and procedures are operating to ensure accurate records are maintained to account for all stocks held within Environmental & Commercial Services Stores.						
5.01	A review should be undertaken of the items stored within the external storage compound and consideration should be given to whether any items could be stored within the internal storage facility for improved security. This includes the copper coil identified during the audit review.	Medium	Yes	High value items including copper coil will be moved within a secure building.	Fleet Business Co-ordinator	30/06/2023
5.02	All materials and equipment recorded within Tranman should be updated with minimum and maximum stock levels. This should assist in more effective management of stock levels at the appropriate levels.	Medium	Yes	Minimum and maximum stock levels will be set on the Tranman system.	Fleet Business Co-ordinator	31/12/2023

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.03	Adjustments required to stock figures recorded within Tranman should require the authorisation of the Fleet Business Co-ordinator.	Medium	Yes	Procedure to be amended to ensure that adjustments to Tranman Stock levels are authorised by management.	Fleet Business Co-ordinator	Implemented.
5.04	Road materials held within the vehicle storage area should be stored more securely with access restricted to authorised officers.	Medium	Yes	A secure area has been created within the roads department storage building. Only Stores staff have access to this.	Fleet Business Co-ordinator	Implemented.
5.05	Current procedures should be amended to ensure that changes to framework contract prices of stock items are regularly updated within Tranman.	Medium	Yes	Suppliers will be contacted to provide changes in prices. Tranman will	Fleet Business Co-ordinator	30/06/2023

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High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				then be updated.		
5.06	Regular reviews should be undertaken of stores to highlight any slow moving or obsolete stock. Consideration should then be undertaken as to whether any identified items are sold or disposed.	Medium	Yes	An exercise has now begun to identify areas of slow moving or obsolete stock and where required sale or disposal will be arranged.	Fleet Business Co-ordinator	30/09/2023
5.07	Requisition notes should only be accepted if completed in full with the individual requesting an item detailing their name, signature and service.	Low	Yes	Reminder given to staff to ensure that requisition notes are fully completed on all occasions. This will be monitored on a regular basis.	Fleet Business Co-ordinator	On Going