

**AUDIT REPORT 22'019**

**BUILDING SERVICES - STORES**

**Executive Summary**

The annual Internal Audit plan for 2021/22 provided for a review to be undertaken of the Building Services Stores. The main storage location for materials and equipment (stock) is at the Mosstodloch Depot, with a sub store at Keith. Various types of materials and equipment are held to meet the repairs and maintenance requirements of Council housing. Individual stock items can vary in value from a few pounds to upwards of £1,000. It was noted that materials and equipment with an overall value of approximately £700 000 are issued annually from Stores.

The audit used the Chartered Institute of Public Finance Accountants audit programme to review the systems and controls in managing stock held within stores. Building Services use a software application called Servitor 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).

The review has highlighted the following areas for improvement:-

- The audit visit noted approximately £7000 of stock items held within the Mosstodloch Depot but not recorded within Servitor. Enquiries found the items stored related to “direct orders” already allocated to a specific job. All materials and equipment purchased and held within the Depot should be recorded within Servitor to ensure the accountability and control of all stock items stored.
- It was noted that Servitor 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.
- During the audit visit, a check was undertaken of a sample of stock items recorded within Servitor to the actual items held. Testing found minor variances in a few of the items checked. Enquiries noted these were due to recoding errors when entering or issuing stock items from Servitor. Regular stock checks are undertaken to highlight variances. Greater care should be taken, however the planned introduction of a new bar code system should ensure greater accuracy.

**Recommendations**

<b>Risk Ratings for Recommendations</b>						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
<b>Key Control:</b> Review of the Building Services Stores to ensure effective controls are operating in the management and control of materials and equipment.						
<b>5.01</b>	Building Services equipment and materials purchased as a direct order for specific schemes and stored at the Depot should be recorded within Servitor.	Medium	Yes	Procedures have been put in place to ensure that high value direct orders are booked in to stock via Servitor (e.g. boilers). Other direct orders (e.g. kitchens) will be quarantined in a designated secure holding area, with transaction details recorded in Servitor.	Business Co-ordinator/Business Manager	31/03/2023

### Appendix 3

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
<b>5.02</b>	Higher value items should be stored whether possible in alarmed storage areas.	Medium	Yes	Measures have been put in place to ensure that high value items are stored in a secure and alarmed area.	Business Co-ordinator	31/05/2022
<b>5.03</b>	Officers should be reminded that greater care should be taken to record items received and issued within Servitor.	Medium	Yes	Moving to barcoding system (Datastox) to issue stock. Weekly stock checks carried out. Ongoing training with staff.	Business Co-ordinator/Business Manager	30/06/2022

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<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
<b>5.04</b>	All materials and equipment recorded within Servitor should be updated with minimum and maximum stock levels. This should assist in the effective management of stock levels at the appropriate levels.	Low	Yes	Working with Datastox to ensure maximum stock levels are not breached.	Business Co-ordinator/Business Manager	31/12/2022
<b>5.05</b>	Contracts should be agreed with companies used regularly for the supply of goods and materials where annual expenditure exceeds the Quick Quote threshold of £5000.	Medium	Yes	Off contract spend for stock purchases to be reviewed. Contracts to be put in place where necessary.	Business Co-ordinator/Business Manager	31/03/2023