

G A A P

Gloucestershire Audit & Assurance Partnership
The Audit & Assurance Service for
GCC & SDC

Monitoring Sheet – March 2014 - Streetcare Contract Monitoring incl. Recycling Credits and waste incentives

Rec No.	Risk	Recommendation	Rank	Accepted/ Not Accepted	Action to be Taken	Owner	Current Status	Target Date	RAG
1	Contract conditions and specifications highlighted in the Contract Review report may not be accepted and implemented promptly resulting in poor service and additional costs.	The draft Contract Review report performed by the Environmental Service Manager should be finalised and agreed by the Communities and Public Spaces Manager and Corporate Director Services & Neighbourhoods.	1	Accepted	It was recognized at the time of the contract review that it could not be completed in the time available and hence was left draft. Where an action plan was not produced as the review had not been completed at that stage, a number of the recommendations have been implemented as advised below.	Ross Cook	3/3/14 – A review of the draft report has now been completed and the key areas for further work identified. A meeting has taken place (26 Feb) between Neighbourhood Management, Business Improvement and Audit & Assurance to discuss the Action Plan (see Recommendations 2 and 3 below)	Original Target Date – 28 February 2014 Completed – 26 February 2014	
2	Contract conditions and specifications highlighted in the Contract Review report may not be accepted and implemented promptly resulting in poor service and additional costs.	Where actions in the Report have been identified an owner should be formally assigned, expected implementation dates noted and regular progress to implementation provided to Neighbourhood Services management.	1	Accepted	A number of the recommendations made in the contract review have already begun to be implemented, these include: introduction of KPIs, work schedules and method statements. Some of the recommendations can only be fully implemented once the savings have been realized and work patterns altered to accommodate the reduced resource.	Ross Cook / Lloyd Griffiths/ Meyrick Brentnall	3/3/14 - As detailed in (1) above, an Action Plan has now been developed and officers (roles) have been identified for each action. Do to the recent realignment of roles within Neighbourhood Management, we have a couple of positions to be filled through external recruitment and so the final target dates will be subject to these appointments being made. The Action Plan focuses on – Review of the Output Specification and finalising Method Statements Agreement of the Payment and Performance Mechanism Ongoing review of the Service Delivery Plan Clarification of roles of Monitoring Meetings (already completed) Contract Variations (see Recommendation 4 below) Review of Risk Register Supply and Sharing of Information	An agreed timescale will be implemented following consideration of the final report and actions required. Date for completion of Action Plan – 31 March 2014	

3	Not all contractual conditions and specifications have been fully implemented and monitored resulting in poor service and increased costs.	A detailed review of the Contract should be performed and a gap analysis produced detailing all the conditions and specifications detailing whether and how they are being achieved. Any identified gaps should then be implemented.	1	Accepted	When the review of the contract is completed, any identified gaps will form part of the agreed Action Plan.	Gordon Buchanan, Environmental Service Manager.	<p>3/3/14 – As detailed in 2 above, the review has been completed and a draft Action Plan developed. Each Action will be assigned to a named officer.</p> <p>The Review of the Output Specification and Method Statements will be assigned to a relevant officer within Neighbourhood Management –</p> <p>Waste and Recycling – Lloyd Griffiths Grounds Maintenance – Dave Pritchett City Centre Cleansing – Ismael Rhyman Street Cleansing – Vacant Post (Ross Cook to lead in interim) Trees and Hedges – Meyrick Brentnall</p>	<p>An agreed timescale will be implemented following consideration of the final report and actions required.</p> <p>Date for completion of Action Plan – 31 March 2014</p>	
4	<p>The contractual obligations on Enterprise to deliver the service and associated costs may not be fully known resulting in Contract breaches going undetected and overcharge for services.</p> <p>Changes made to service delivery may not be fully known resulting in increased and possible duplicated costs.</p>	<p>The following work should be performed to ensure all Service Change Requests and Contract Variations are fully documented, accounted for and approved:</p> <ul style="list-style-type: none"> Separate central records of all Service Change Requests and Contract Variations should be set-up and maintained by the Environmental Service Manager; Service Change Requests and Contract Variations should be sequentially numbered to ensure they can all be accounted for; Service Change Requests and Contract Variations should be agreed and approved by the Environmental Service Manager or above and appropriate 	1	Accepted	This recommendation was made by the Environmental Service Manager in the contract review. There have not been any variations since this review any future variations will be carried out in a clear and consistent manner and in line with Recommendation 4.	Ross Cook / Lloyd Griffiths / Meyrick Brentnall (Contract Variations and Adoptions)	<p>3/3/14 – Adoptions – Meyrick Brentnall is now responsible for adoptions and has already reviewed the process. An officer group has met to review the existing process and a suggested new process. This will be finalised and adopted by both the City Council and Amey</p> <p>3/3/14 – Historic Adoptions and Contract Variations - Lloyd Griffiths has met with Phil Mathews from Amey and they have reviewed the schedule of outstanding contract variations regarding Street Cleansing and Grounds Maintenance, as a result of adoption of new areas of land. These will be included in the Annual Sum for either 2013/14 or 2014/15 (depending on when they were adopted).</p> <p>A new schedule of adoptions and variations has been developed and all agreed changes are added to this schedule and reviewed at the Partnership meeting</p> <p>3/3/14 - Staff who deal with Amey on a daily basis have been advised of the need to ensure all Work Requests include the following information (Email to staff on 6/2/14). A new proforma has been developed and will be agreed at the Partnership meeting –</p> <ul style="list-style-type: none"> There must a reference number (these will be consecutively numbered for each financial year) Nature of works Location of works Date works to be commenced Date works to be completed 	<p>Original Target Date – Immediately</p> <p>Revised Target Date – 31 March 2014</p>	

		<p>Enterprise management. Legal should also be involved for any Contract Variations;</p> <ul style="list-style-type: none"> All original agreed and signed Service Change Requests should be held by the Environmental Service Manager and Contract Variations should be held with Legal Services with the signed Contract. 					<ul style="list-style-type: none"> Confirmed that the work is not within the existing contract Confirmation as to whether the work can or cannot be prioritised by rescheduling existing resources <p>If Not within contract and cannot be carried out by rescheduling resources. The following must be detailed –</p> <ul style="list-style-type: none"> Staff costs (must be included even if £0) Material costs (including any contract uplift) Whether the work is a one off (ad-hoc) i.e. repairing a fence, or Whether there will be any ongoing costs, i.e. a new bin that needs emptying If there are ongoing costs, the date when this to be included in the Annual Contract Total value of works Total value of annual ongoing costs What Monitoring / KPIs are needed for the works or ongoing work <p>The requests will be verified / signed off by –</p> <p>Officer requesting work Amey Officer to confirm work to be done</p> <p>Approved by –</p> <p>Lloyd Griffiths (Waste and Recycling / Flood), Meyrick Brentnall (Trees and Hedges), Neighbourhood Manager (Grounds or Streets) Ross Cook – in the absence of any of the above</p> <p>All new processes are to be in place by 31 March 2014.</p>		
5	The various groups may not be fully aware of their purpose and responsibilities resulting in issues not being properly addressed.	Consideration should be given to agreeing a formal Terms of Reference for the quarterly Strategic Partnership Group.	3	Accepted	We will review the need to formulate a Terms of Reference.	Ross Cook	16/12/13 – Terms of Reference were discussed at the meeting held on 19 November and agreed.	At the next meeting of the Strategic Streetcare Partnership meeting – 19 November	
6	Overpayments are made	Before certification and approval of the	1	Accepted	Recommendation to be implemented as detailed.	Ross Cook / Lloyd Griffiths.	3/3/14 – Discussions have taken place with Amey with regards to agreeing a timetable for the	Original Target Date - Immediately	

	resulting in financial losses and adverse publicity.	<p>Annual Contract Sum checks should involve a thorough review of all costs and calculations detailed to confirm:</p> <ul style="list-style-type: none"> • They are as per that detailed in the Contract; • Correctly calculated; • Indexation applied if appropriate and figures are substantiated to previous years Annual Contract Sum carried forwards and indices used in the calculations agree to the Labour & Supervision in Civil Engineering or equivalent; • Additional costs are fully substantiated and correctly applied with or without indexation. 				<p>completion of the Annual Sum discussions and sign off.</p> <p>A process has been discussed whereby the proposed Annual Sum, including all previously approved changes (see Recommendation 4 above) will be discussed between Amey, the Environmental Services Manager (Waste and Recycling), the Countryside and Land Manager (Trees and Hedges) and the relevant Neighbourhood Managers (Grounds and Streets) before a final recommendation is made to the Head of Neighbourhood Services to sign this off.</p> <p>It has been agreed that the draft Annual Sum will also be presented to the Strategic Streetcare Partnership meeting for information prior to signing.</p> <p>The draft Annual Sum for 2013/14 has been received and Lloyd Griffiths has reviewed variations and adoptions for inclusion.</p> <p>Final agreement of the Annual Sum for 2013/14 cannot be agreed until the conclusion of the discussions with regards to the Indexation Calculation.</p> <p>All new processes are to be in place by 31 March 2014.</p>	Revised Target Date – 31 March 2014	
7	Overpayments are made resulting in financial losses and adverse publicity.	<p>Discussions should be held with Enterprise to establish the reason why the Annual Contract Sum indexation calculation differs to the Contract and to establish if this change was correctly approved. Where it is proven that the change in the Contract stated Annual Contract Sum indexation calculation has not been approved then all the issued Annual</p>	1	Accepted	<p>This has been actioned and a response has been received from Enterprise. There are ongoing discussions as to how this will be dealt with. The method of calculation of the Annual Sum was signed of in 2010/11 and there is no information available to confirm why this method was used. This method has subsequently been challenged and discussions are currently ongoing regarding the validity of this calculation method and the impacts on the annual cost.</p>	<p>Kevin Buckerfield, Finance Change Manager</p> <p>A review of the calculation methods has been undertaken with a number of inconsistencies to the original contract.</p> <p>The areas which have been identified for discussion with Amey are.</p> <ol style="list-style-type: none"> 1. Basis for baseline - no formal documents are available for the 2010 'soft reboot'; therefore, a number of contract extras may be being charged which should be considered as baseline. 2. The indexation base percentage increases are incorrect for the labour portion of the contract (56% of contract value) 3. No back-up of calculation to substantiate the 2012/13 increase value. 4. The cumulative impact upon the incorrect use of the baseline at 2010 is £400k, this has an annual ongoing impact of circa £100k 	<p>Audit Recommendation Date - 25/06/13</p> <p>Original Target Date – 31 December 2013</p> <p>Revised Target Date – 31 March 2014</p>	

		Contract Sum documentation including all costs should be obtained, reviewed and any total over charge that has been determined is recovered.					(dependant upon the LG pay awards). 5. It is intended to arrange meetings with Amey for the last week in March to discuss progress. 6. The targeted completion date for this aspect of the exercise was End December - a meeting was held on the 15th January to discuss the results. 7. A final point for discussion is the methodology adopted, the monthly baseline amount at 2010 and it's impact beyond indexation. The re-boot was agreed by the previous Group Manger and appears to be in-correct; this could have a significant monetary value.		
8	Overpayments are made resulting in financial losses and adverse publicity.	A review of the costs quoted by Enterprise for the additional work included in the 2012/13 Annual Contract Sum should be undertaken to confirm the indexation calculation has been correctly applied to these costs. Other years Annual Contract Sum may need to be also reviewed depending on the outcome of the review.	2	Accepted	Agreed.	Kevin Buckerfield Finance Change Manager	A review of the contract extras is being undertaken and due for completion by the end of March 2014. A schedule of all contract extras since April 2008 has been prepared and investigatory work is ongoing to establish if those items should not have been charged as inclusive in the baseline cost. The value of these excluding VAT is £1.9 million for the five year period. Only a few instances of regular incurred fees have been applied an annual inflation increase (fly tipping, additional re-cycling etc.). Most of the charges are without sufficient supporting detail to establish validity; but these expenditure types will be put to Amey to demonstrate their non-inclusion in the baseline. A report to the Directors of Resources and Service and Neighbourhoods will be presented by the due date of End March. To include a schedule of potential duplicated payments for ad-hock services.	Audit Recommendation Date - 25/06/13 Revised Target Date – 31 March 2014	
9	Financial pressures may be placed on Enterprise that results in them not delivering the service and adverse publicity.	A timetable for the discussion and agreement of the Annual Contract Sum should be agreed with Enterprise that assists in the completion of these negotiations before the start of the financial year.	3	Accepted	Discussions have always commenced prior to the commencement of the relevant financial year but there often a number of factors that mean that the final figure cannot be agreed before April. A significant factor in the delay of confirming the Annual Sum over the last two years has been the numerous changes of the General Manager. An agreed timetable has now been put in place to minimise any future delays. The indices used to calculate the Annual Sum are not confirmed prior to April so there	Lloyd Griffiths	3/3/14 – Discussions have taken place with Amey with regards to agreeing a timetable for the completion of the Annual Sum discussions and sign off. A process has been discussed whereby the proposed Annual Sum, including all previously approved changes (see Recommendation 4 above) will be discussed between the Environmental Services Manager, the Countryside and Land Manager and the relevant Neighbourhood Managers before a final recommendation is made to the Head of Neighbourhood Services to sign this off. It has been agreed that the draft Annual Sum will also be presented to the Strategic Streetcare	Original Target Date – 31/07/13 Revised Target Date – 31 March 2014	

					will be an inevitable delay.		Partnership meeting for information. Final agreement of the Annual Sum for 2013/14 cannot be agreed until the conclusion of the discussions with regards to the Indexation Calculation. All new processes are to be in place by 31 March 2014.		
10	Enterprise Invoice requests for TUPE staff employers' pension contributions may be incorrectly calculated or contributions for ghost employees incorrectly claimed resulting in under/over payments by the Authority.	Contact Finance to establish the accuracy and appropriateness of the following: <ul style="list-style-type: none"> Whether the employers' pension contribution level currently applied is correct; VAT applied by Enterprise to the monthly employer pension contribution invoices; What other checks are performed by the Interim Finance Change Manager on the pension invoices and supporting documentation and whether this is appropriate. 	2	Accepted	These were previously checked by a former employee who is no longer with the Council and there does not appear to be any information confirming how these checks were being made. Checks have now been put in place and they will be carried out during the year.	Ross Cook	3/3/14 - A process for checking these invoices is now in place and has been implemented for the latest invoice. Amey have provided a list of current staff who are still in the GCC Pension Scheme and this was cross referenced to the list provided with the Pension Statement. The invoice is then referred back to Finance for them to check the calculation and the contribution levels. It is proposed that this level of check is carried out on a number of occasions during the year due to the minimal change of staffing in each year	Finance have been contacted. Information been requested from Amey to validate to invoices. Completed – 6 February 2014	
		Agree/confirm responsibility for verification and authorisation of pension invoices.		Accepted	Agreed	Ross Cook	3/3/14 – Checks on staffing are to be carried out by Neighbourhood Management. Checks on the accuracy of the invoice calculation to be verified by Finance.	Finance have been contacted. Information been requested from Amey to validate to invoices. Completed – 6 February 2014	
11	Overpayments are made resulting in financial losses and adverse publicity.	Enterprise should be advised of the identified overpayments by the Authority and recovery of these amounts sought.	2	Accepted	The Environmental Service Manager has already identified a number of overpayments and recouped these. Work will continue to identify other areas where overpayments may have occurred.	Ross Cook	3/3/14 – This has been discussed with Amey and a credit note received for an overpayment relating to the Sports Pavilion Attendance (where matches were cancelled). The issues discussed have been followed up by an Email (6 February) setting out the issues to be	A number of overpayments – Sports Pavilion Attendants and Legionella Monitoring have been identified and credit notes	

							resolved. Amey have now confirmed the overpayments have been made and we are finalising the values of the repayments / adjustment needed.	requested. Finance Change Manager reviewing historical invoices to identify overpayments. Target Date – 31 March 2014	
12	Unauthorised work may be instructed by Services areas resulting in incorrect and duplicate costs being incurred by the Authority.	A communication should be made to all appropriate Authority staff advising them that ad-hoc work required to be performed by Enterprise must be made through the Environmental Service Manager or his deputy. In addition Enterprise should be advised that they should not accept any orders for work unless they have been first approved by the Environmental Service Manager or his deputy. In addition all Enterprise invoices outside of the works order process e.g. pension costs, etc should be submitted to the Environmental Service Manager for approval or if appropriate delegated to the most suitable person.	2	Accepted	<p>The Environmental Service Manager has prior to this audit already sought to try and rationalise the procedure for authorising ad-hoc work by advising other Services within the Council to consult him. This has resulted in a number of ad-hoc work not being authorised as they were deemed to already be within the contract. Some areas are not clear however and this relates back to Recommendation 1 and will be clarified on completion of the review.</p> <p>The Environmental Service Manager should check whether requested works are within the contract and a clear distinction should be made with regards to the “staffing / resources” and “materials”.</p> <p>Discussions regarding Ad-hoc work should commence on the basis that they will be covered by existing resources and prioritized amongst other work. However, where works are needed to be carried out, then it must be clear as whether additional resources are being used and if so the cost of these resources.</p> <p>No Ad-hoc work should be authorized without a full breakdown of costs and a Purchase Order being raised.</p>	Ross Cook / Lloyd Griffiths	<p>3/3/14 – All key Services (Asset Management, Neighbourhood Management, Environmental Health and Countryside) who request work to be done by Amey have been advised of the need to get approval by the Head of Neighbourhood Services (or nominated Deputy).</p> <p>Full details of the proposed process is set out in Recommendation 4 above.</p> <p>All new processes are to be in place by 31 March 2014.</p>	<p>This will be picked up following the completion of the next stage of the review of our staffing structure – anticipated end of December</p> <p>Target Date – 31 March 2014</p>	
13	The Authority may be overcharged for work resulting in the reduction in	A detailed breakdown of the costs particularly between labour and materials should be	2	Accepted	Agreed	Ross Cook	<p>3/3/14 - Full details of the proposed process is set out in Recommendation 4 above.</p> <p>All new processes are to be in place by 31 March 2014.</p>	<p>Original Target Date – Immediately</p> <p>Revised Target Date –</p>	

	other planned work and services and excessive costs.	provided by Enterprise for any additional costs so that they can be fully substantiated, agreed to the Contract and schedule of rates.						31 March 2014	
14	Profits made by Enterprise may not be shared with the Authority as per the Contract resulting in excessive costs being borne by the Authority and a reduction in services.	<p>Quarterly accounts meetings as per the Contract should be held between Finance and Enterprise management to review a breakdown of costs of the Core Contract Services and to challenge spend. In addition profits over a set level stated in the Contract are confirmed and a portion distributed to the Authority.</p> <p>These meetings should be supported by a Terms of Reference and minuted.</p>	2	Accepted	These are in place but need to be scheduled in throughout the year.	Ross Cook / Andrew Cummings (Finance)	<p>3/3/14 - Andrew Cummings from Finance now attends the monthly Partnership Monitoring meetings and further discussions are taking place as to the ongoing attendance and specific discussions regarding financial aspects of the contract (ie whether this financial issues will be discussed as part of the main meeting or as a separate discussion and the frequency of these meetings, monthly or quarterly).</p> <p>In addition, Ross Cook and Andrew Cummings now meet on a monthly basis, to review the overall contract expenditure, and Andrew also meets with the relevant Service Managers to monitor and review specific spend.</p>	Original Target Date - 1 March 2014	
15	Incorrect or invalid waste information is provided by Enterprise to the Authority resulting in reduced recycling credit and landfill incentive from Gloucestershire County Council.	<p>The Environmental Service Manager should obtain the following information from Enterprise:</p> <ul style="list-style-type: none"> A sample of waste weighbridge tickets should be obtained from Enterprise to confirm the waste recycled and landfill tonnage figures on the Enterprise provided Recycling spreadsheet is correct; 	2	Accepted	Copies of weigh bridge tickets are already forwarded to the Environmental Service Manager by County Council (the disposal authority). In addition a joint waste audit is carried out by County and the Environmental Service Manager on an annual basis where a representative number of waste tickets are checked. These tickets include those relating to how much recycling is taken by processors. The next audit is due on 4 September.	Gordon Buchanan, Environmental Service Manager.	16/12/13 – this had already been completed when the Audit was carried out.	Immediately – Audit carried out with County on 4/09/13	

		<ul style="list-style-type: none"> The financial value of the waste recycled and compared to the Contract Assumed Recyclate Value at year end to determine if the Authority or Enterprise is due additional payments from each other. 							
16	The Incorrect waste recycling value is included in the Annual Contract Sum indexation calculation resulting in over or underpayments to Enterprise.	Investigate the reason for the identified difference in the recyclate value recorded in the Annual Contract Sum for the 2011/12 and 2012/13 against the equivalent Assumed Recyclate Value documented in the Contract. In addition regularly reforecast the recyclate value as per the Contract.	2	Accepted	This has been queried with Enterprise. The sum does not apparently relate solely to the assumed recycling value. I am awaiting a response from the General Manager.	Kevin Buckerfield	<p>The monthly contract calculation values include an estimated re-cycling value of £643k per annum.</p> <p>The exercise into the re-cycling values will be undertaken following the contract extras portion of the exercise.</p> <p>The 2013/14 indexation should not be agreed until resolution is found to the outstanding indexation overcharges.</p>	Information has been received from Amey regarding this discrepancy, this is currently being considered by Finance Change Manager	
17	Invoices for recycling credits and incentives are raised late or incorrectly to Gloucestershire County Council resulting in poor cashflow, financial constraints placed on public services and adverse publicity.	<p>The following actions should be implemented:</p> <ul style="list-style-type: none"> The Environmental Service Manager take on the responsibility for raising of invoices, review and management of the applicable Gloucestershire County Council debtor account; Waste recycling credit and incentive invoices should be raised promptly and through one of the Gloucestershire 	2	Accepted	Agreed.	Lloyd Griffiths	<p>3/3/14 – Lloyd Griffiths has met with the County and identified all outstanding invoices. The backdated payments (due to us) have now been invoiced for and all other payments are being collected. Lloyd met with County again on 6/2/14 to review ensure no other payments are due and that all future payments / invoices will go through him..</p>	<p>Discussions are ongoing with Finance. A procedure will be put in place.</p> <p>Completed – 6 February 2014</p>	

		<p>County Council debtor ids in order to avoid any confusion in invoicing and payment arrangements;</p> <ul style="list-style-type: none">• Consider deleting the production and issue of the automated quarterly incentive invoices or establish whether the 4th quarter invoice can be suspended to allow a manual invoice to be produced in its place;• A thorough review the 2 Gloucestershire County Council waste debtor accounts should be undertaken to determine what has been invoiced and what is actually owed. Appropriate adjustments to the account and/or recover action should then be promptly undertaken.							
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