

Glasgow City Council Internal Audit Section

Committee Summary

Neighbourhoods, Regeneration and Sustainability Services – Stock Control Arrangements

1 Introduction

- 1.1 As part of the internal audit plan we have carried out a review of the stock control arrangements for domestic and commercial bins.
- 1.2 The main location for holding and issuing bins is the Blochairn recycling facility. Bin stock related to the new twin-stream project is being held separately at a Neighbourhoods, Regeneration and Sustainability (NRS) location in Nitshill. Servitor is the system used for stock management.
- 1.3 We have been advised that previous concerns about the stock control arrangements have been addressed by management and the purpose of the audit was to confirm that the revised arrangements are being followed and are effective.
- 1.4 The scope of the audit was to gain assurance that there are sufficient and appropriate controls in place over the stock held, including:
 - Documented stock management processes and procedures
 - Staff training

- The maintenance of stock records
- Procedures for receipting and issuing stock
- Security, access and storage arrangements, and
- Stocktake arrangements.

Item 6 (I)

18th September 2024

2 Audit Opinion

- 2.1 Based on the audit work carried out, a reasonable level of assurance can be placed upon the control environment. This audit has identified some scope for improvement in the existing arrangements and four recommendations which should be addressed.

3 Main Findings

- 3.1 Procedural documentation and key controls are in place and there is effective security and access arrangements to both stock and stock control systems. We also found that there are sufficient segregation of duties and appropriately appointed officers for each step of the stock control process. Stock records are currently kept on the Servitor system, with information on the quantity and the details of each type of stock including reference numbers. The process is currently in a transitional phase as it is integrated on to the Alloy system which aims to make the process more efficient.
- 3.2 There are arrangements in place for the ordering, receipting, issuing and returning of stock. Through sample testing we found that appropriate paperwork is being completed, including authorised signatories and approvals on each document. Furthermore, we found that there are sufficient segregation of duties in the processes for ordering, receiving and issuing of stock.
- 3.3 Blochairn recycling facility is secured by a perimeter fence with a guard-controlled gate for vehicles entering the site. Additionally, there are CCTV cameras in operation at the facility and these are due to be further upgraded as part of future work at the site.
- 3.4 Access to Servitor, which is the electronic stock control system, is restricted by user need and approval settings with each user having unique log in credentials.
- 3.5 However, we identified some areas where controls could be strengthened. There is no specific staff training in relation to stock control, instead staff are asked to refer to the work instruction and complete tasks in accordance with this. We found that staff are not following all of the processes laid out in the Work Instruction. They advised us that they believe some elements of the work instruction are no longer required as they transition to the new Alloy system.
- 3.6 For issuing bin stock a picking note is created from the Servitor system, which is taken by the collection team to Blochairn and is subject to the appropriate authorisation. As soon as the picking note is created the quantity of stock detailed on the note will be deducted from the Servitor system. However, not all stock on the picking note will be collected at one time by the collection team and instead a

single picking note can be used across multiple collections from Blochairn.

- 3.7 A bin stock report document is completed by the appropriate officers at Blochairn recycling facility each week which details the quantity of each type of bin stored at the location. However, we found that the stock report is not being fully completed as the lines for number of bins issued and number of new bins received in the week are being left blank. This means the report from one week cannot be reconciled with the report from the previous week and could lead to instances in which miscounts of stock go undetected.
- 3.8 We found that there are no arrangements in place for dealing with slow moving or obsolete stock. Due to the roll out of the recent bin hub project in the city, many used household bins are being brought back to the Blochairn facility as the new bin hubs are implemented which is causing constraints on the storage capacity at the Blochairn facility.

- 3.9 An action plan is provided at section four outlining our observations, risk and recommendations. We have made four recommendations. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.10 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.11 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.12 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Fully documented procedures are in place which specify the processes for dealing with stock movements and all relevant staff have received training.				
1	<p>We found that staff are not following all of the processes laid out in the Work Instruction, particularly the reconciliation between the stock reports received from the Blochairn facility and the stock records shown on the Servitor system. Staff advised us that they believe some elements of the work instruction are no longer required as they transition to the new Alloy system.</p> <p>Without following up to date procedures there is a risk that discrepancies in the Servitor stock levels and stock levels recorded by Blochairn could go unnoticed.</p>	<p>Management should regularly review the work instruction document and make the required updates as the stock control process continues to be integrated onto the Alloy system.</p> <p>Management should remind staff of the requirement to follow the most up to date version of the work instruction.</p>	Medium	<p>Response:</p> <p>Work Instruction (WI) will be reviewed to reflect current working practices and the implementation of the Alloy system. All staff will be reminded of responsibilities within this document.</p> <p>Officer Responsible for Implementation:</p> <p>Asst Group Manager Waste Management & Recycling – WI Review</p> <p>Group Manager Business Ops & Waste Disposal / Asst Group Manager Waste – Staff awareness</p> <p>Timescales for Implementation:</p> <p>31 December 2024</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There is a detailed stock master file which contains information regarding the description of all stock items held.				
2	<p>The weekly bin stock report document completed by the responsible officers at Blochairn recycling facility is not being completed in full, with sections for the number of bins issued and received in the week being left uncompleted.</p> <p>If the weekly stock report is incomplete there is an increased risk that the incorrect stock level will be recorded.</p>	Officers should ensure that the weekly bin stock report is fully completed, including recording quantities of bins issued and received to arrive at the new total for that week which can be verified during the physical stock count.	Medium	<p>Response:</p> <p>Blochairn Staff will be reminded of the requirements to fully complete the weekly stock report.</p> <p>Officer Responsible for Implementation:</p> <p>Group Manager Business Ops. & Waste Disposal / Asst Group Manager Waste Management</p> <p>Timescales for Implementation:</p> <p>31 October 2024</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There is an adequate process for requesting and issuing stock.				
3	<p>When bin stock is issued a picking note is created and the quantity of the stock detailed on the picking note is deducted from the Servitor system. However, when the collection team arrive at Blochairn they do not always collect the full quantity of stock stated on the picking note and can instead use a single picking note for multiple collections. This can lead to inaccurate levels of stock recorded on Servitor.</p> <p>There is a risk that the incorrect number of bins will be issued if a single picking note is used across multiple collections.</p>	Management should work with teams to ensure that picking notes reflect the quantity of bins actually being collected at a single time.	Low	<p>Response:</p> <p>Review of picking note procedure will be undertaken and reflected within the updated Work Instruction (WI).</p> <p>Upon completion, all staff will be reminded to follow steps within the WI.</p> <p>Officer Responsible for Implementation:</p> <p>Asst. Group Manager Waste Management & Recycling – Review of WI Group Manager Business Ops. & Waste Disposal / Asst Group Manager Waste Management – Staff Training</p> <p>Timescales for Implementation:</p> <p>31 December 2024</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Arrangements are in place to identify slow moving stock and action is taken to ensure excessive stock is not held.				
4	<p>There are no formal plans or procedures in place for obsolete stock being stored at Blochairn.</p> <p>Without a plan in place for this stock there is a risk of Blochairn recycling facility reaching its storage capacity and stock being mismanaged.</p>	<p>Management should create an action plan for obsolete stock being kept at Blochairn and communicate this with staff.</p> <p>A procedure document should be created for the process of dealing with obsolete stock.</p>	Medium	<p>Response:</p> <p>Returned bins that are not suitable for re-use are recycled via an external re-processor. Bins returned to Blochairn which are in good condition and can be re-used are used for 'business as usual operations'.</p> <p>Review of WI to include the effective management of returned bins.</p> <p>Officer Responsible for Implementation:</p> <p>Asst Group Manager Waste Management & Recycling – Review of WI</p> <p>Group Manager Business Ops & Waste Disposal / Asst Group Manager Waste Management – Management of bins at Blochairn</p> <p>Timescales for Implementation:</p> <p>31 December 2024</p>