

Final Internal Audit Report

Bringing Services in-House: Parks Service

March 2020

Distribution: Executive Director of Place (Final Only)
Director of Public Realm
Head of Environmental and Leisure
Assistant Contract Manager

Assurance Level	Identified Issues	
Limited Assurance	Priority 1	1
	Priority 2	6
	Priority 3	1

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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Executive Summary

1. Introduction

- 1.1 The grounds maintenance function encompasses a wide range of services in relation to Croydon's 127 parks and open spaces as well as the highway verges. These include; planting, grass cutting, hedge trimming, and legging up of trees, locking and unlocking of parks, sweeping and litter bin emptying in parks.
- 1.2 The grounds maintenance function was previously outsourced to Idverde Services Ltd (previously known as Quadron Ltd) in February 2014 for £2.9m per year. However, the contractor's level of performance failed to meet Council's expectations and a number of corresponding defaults and rectification notices were issued by the Council for contractual breaches in the summer of 2017. Although the contract with Idverde continued, this was not extended after the initial period of 5 years, which ended in 31 January 2019.
- 1.3 After commissioning Ricardo Energy and Environment (Ricardo) to work alongside council officers and review the grounds maintenance service and value for money, including benchmarking with other London Boroughs, the Council agreed on the mobilisation of an in-house service to commence from 1 February 2019.
- 1.4 The service also co-ordinates the biodiversity and land management for nature conservation across the borough, through supporting over 40 Friends of Park Groups, who provide in excess of 5,000 volunteer hours per annum and a number of successful partnerships, including Croydon TCV and the Downlands Partnership.

2. Key Issues

Priority 1 Issue

There was no budget set for the Grounds Maintenance service and thus budget (and expenditure) monitoring was not occurring. **(Issue 3)**

Priority 2 Issues

Sample testing of the employee records identified that there were no job descriptions for five of the positions held within the Grounds Maintenance team. **(Issue 1)**

Records of routine maintenance were only held for internal repairs/maintenance and not repairs by Veolia. **(Issue 2)**

Appropriate records of the monthly management meeting held in April 2019 were the only ones available for the period April to July 2019. **(Issue 4)**

No evidence was provided that the public and/or Friends of Park groups were being encouraged (e.g. by being asked to provide regular feedback and recommendations) and there was no Council representative to attend the triennial forum initiated by 'Croydon Parks, Woodlands and Greenspaces' group. **(Issue 5)**

Complaints received in relation to parks and open spaces were not being logged and monitored by the Service. **(Issue 6)**

The Environmental and Leisure's service plan had not been updated to incorporate bringing the park service back in-house. **(Issue 7)**

The Priority 3 issue is included in section 4.

3. Action and Key Findings/ Rationale

Control Area 1: Transfer and Management of Staff						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 1				
2	<p>Service Manager Job description & post graded and evaluated completed, Assistant contract manager post to be drafted. Post may be deleted in the upcoming restructure of the service. All other posts submitted for evaluation in November 2019 awaiting result.</p> <p>All Job Descriptions for Taped staff and role profiles have been submitted and are awaiting evaluation by HR.</p>	<p>Having a clear job description allows staff to understand the responsibilities and duties that are required and expected of them.</p> <p>Sixty employees were transferred to the Council from Idverde on 1 April 2019 when the grounds maintenance contract was brought back in-house. Examination of the documentation held for a sample of ten employees in the Grounds Maintenance team found that the job descriptions were not held for the following five positions:</p> <ul style="list-style-type: none"> • Assistant Contract Manager; • Cleansing Supervisor; • Mobile Cleansing Operative; • Grounds Maintenance Operative; and • Charge Hand. <p>Discussion with the Assistant Contract Manager established that he was working with the Human Resources team at the Council to draft job descriptions for all the positions within the Grounds Maintenance team.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Assistant Contract Manager / HR</td> <td>In progress</td> </tr> </tbody> </table>	Responsible officer	Deadline	Assistant Contract Manager / HR	In progress	<p>Where appropriate job descriptions are not in place for all positions, there is a risk that staff will not be fully aware of their roles and responsibilities. This may impact on performance of the service and also staff morale.</p>
Responsible officer	Deadline					
Assistant Contract Manager / HR	In progress					

Control Area 2: Transfer, Control and Maintenance of Tools and Equipment						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 2				
2	<p>Inspection and service records for all fleet vehicles are held by Veolia.</p> <p>Vehicle checks completed by drivers in daily recorded books and held in the vehicle with updates of any defects.</p> <p>Books are presented along with the vehicle for all services and any repairs carried out to Veolia.</p> <p>Fleet Supervisor (Veolia) to provide all Service/ Repairs records carried out by Veolia</p>	<p>Veolia is contracted to conduct safety checks and servicing every 12 weeks of the assets held.</p> <p>Examination of the records for a sample of five machines and vehicles was unable to confirm that these assets had undergone any routine maintenance or had a service.</p> <p>Discussion with the Assistant Contract Manager and Fitter-Foreman from the Grounds Maintenance team established that daily inspections were recorded in the individual ‘Inspection’ checklists and that maintenance activities were only logged in the ‘Maintenance Summary’ sheets for equipment that was repaired internally on site. Copies of the service sheets and maintenance records for the machinery and vehicles serviced by Veolia were not retained.</p> <p>The maintenance of complete service and repair records enable informed decisions to be made when deciding to repair or replace these assets and helps highlight patterns of failure, repair and expenditure.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Assistant Contract Manager / Fleet Supervisor</td> <td>In progress</td> </tr> </tbody> </table>	Responsible officer	Deadline	Assistant Contract Manager / Fleet Supervisor	In progress	<p>Where proper and complete service and repair records are not maintained, there is a risk that the Council may be unable to demonstrate due diligence in case of accidents involving these assets.</p>
Responsible officer	Deadline					
Assistant Contract Manager / Fleet Supervisor	In progress					

<u>Control Area 3: Budgeting and Monitoring</u>						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 3				
1	<p>Ongoing monitoring of the budget between Assistant Contract Manager and finance team.</p> <p>(Finance Manager - Resources)</p> <p>Regular monitoring meetings in place to identify any pressures and set a budget for 2020/21</p>	<p>The Council engaged a consultant, Ricardo Energy and Environment to review the Grounds Maintenance service, to determine the future services cost and to identify opportunities for improved service delivery including in-house working. The consultants produced a report which modelled the costs of various options, including an estimate of the in-house DSO costs to be £3.56m, (compared to the current cost of £2.9m.)</p> <p>Discussion with the Finance Manager and Assistant Contract Manager established that, as a full year had not passed since the transfer from Idverde to the Council, a budget had not been set for the Grounds Maintenance service and accordingly expenditure was not tracked or monitored.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Assistant Contract Manager / Finance Manager, Resources</td> <td>April 2020</td> </tr> </tbody> </table>	Responsible officer	Deadline	Assistant Contract Manager / Finance Manager, Resources	April 2020	<p>Without a budget or monitoring of the Grounds Maintenance service expenditure, the Council is exposed to the risk of not spending in line with the Council’s corporate objectives and financial loss from being unaware of overspending and efficiency of the department’s resources.</p>
Responsible officer	Deadline					
Assistant Contract Manager / Finance Manager, Resources	April 2020					

<u>Control Area 4: Governance of the Service</u>						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 4				
2	Following the internal audit monthly GM meetings are in place scheduled for the second Monday every month copies of the notes are available.	Monthly grounds maintenance service management meetings take place to review performance and resolve any issues arising to help the team to achieve and maintain a high performance level of work. Copies of management meeting notes from April to July 2019 were requested, but only the meeting notes for the April 2019 meeting were provided. The Assistant Contract Manager asserted that monthly meetings had occurred.				
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Responsible officer	Deadline					
Assistant Contract Manager	Completed					

<u>Control Area 5: Engagement with Friends of Park Groups, Partnerships and other Interested Parties</u>						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 5				
2	<p>Environmental Services are not directly responsible for activities re Friends of Parks</p> <p>Active Lifestyles responsible for friends of group assisted by the GM team.</p> <p>Framework of discussion via Community Conservation Partnership Officer to record actions along with Parks Program Board.</p> <p>A representative from each team to attend the next meeting.</p>	<p>Friends of Park groups are made up of local residents that work in partnership with the Council and take practical action to improve the park or open space. With reduced budgets to maintain the Council’s park areas, it is key that these groups are actively encouraged.</p> <p>It was confirmed that there is a communication channel available via the Park’s inbox (parks@croydon.gov.uk) for public enquiries and for complaints to be lodged; however, there is lack of evidence to demonstrate that the public and/or Friends of Park groups were being encouraged by being asked to provide regular feedback and recommendations.</p> <p>In addition, there was no Council representative to attend the triennial forum initiated by ‘Croydon Parks, Woodlands and Greenspaces’ group on 2 April 2019, which is made up from a few Friends of Park groups to share information about Council’s initiatives, funding advice and improving the quality of greenspaces.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Community Conservation Partnership Officer</td> <td>Ongoing</td> </tr> </tbody> </table>	Responsible officer	Deadline	Community Conservation Partnership Officer	Ongoing	<p>Where the Friends of Park group or other interested parties are not actively encouraged, there is a risk of these parties being dissatisfied and of these parties assisting less or not at all with the maintenance and upkeep of the parks.</p>
Responsible officer	Deadline					
Community Conservation Partnership Officer	Ongoing					

<u>Control Area 6: Engagement with Friends of Park Groups, Partnerships and other Interested Parties</u>						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 6				
2	<p>An officer has been designated for the monitoring Parks in box May 19. An addition team member will assist in the near future.</p> <p>We also have an officer in place for tracking and logging all complaints. 5-10 days response time.</p> <p>Officer also responsible for collating info captured on CRM.</p>	<p>The Council’s ‘Corporate complaints policy and procedure’ details that, ‘<i>The Council has a two stage procedure that is designed to support the effective management of complaints. The target time for a response, for either stage, is 20 working days from the receipt of the complaint. The person who first receives the complaint is responsible for logging the complaint on the Council’s complaint system. When a customer cannot be provided with a full response within the time-scale the customer will be notified immediately and given a revised time-scale as to when they can expect a full response to their complaint.</i>’</p> <p>Complaints relating to parks and open spaces can be made via Park’s inbox or by telephone, which are handled by a Community Conservation Partnership officer and Business Support officer. For any complaints received, these are forwarded to the Team Leader Grounds Maintenance to deal with and the expected timeline to resolve the issue is then relayed back to the complainant.</p> <p>Discussion with Community Conservation Partnership officer and Assistant Contract Manager determined that any complaints received were not being logged and therefore that monitoring was not in place to determine the number of complaints received for similar issues and if the issue has been attended to in a timely manner.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Assistant Contract Manager</td> <td>Completed</td> </tr> </tbody> </table>	Responsible officer	Deadline	Assistant Contract Manager	Completed	<p>Where complaints received are not tracked and monitored, there is a risk that the issues raised are not being resolved leading to a dissatisfied public.</p>
Responsible officer	Deadline					
Assistant Contract Manager	Completed					

<u>Control Area 7: Service Planning and Strategy</u>		
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 7
2	<p>A service specification has been produced, including incorporating the cemeteries.</p> <p>Service Area plan now reflects the fact that GM service is in house.</p> <p>More detailed service planning (e.g. playing pitch strategies, increased usage of parks) does not sit with Environmental Services and is the function of Active Lifestyles.</p>	<p>Guidance on the Council intranet details that, <i>‘The service plan you develop with your head of service and team/s will set out clearly which outcome or objective within the Community Strategy and Corporate Plan your service is working to achieve and how it will achieve it.</i></p> <p><i>Getting everyone involved in service planning should enable anyone who works for Croydon, in whatever role, to understand what part they play in making that happen.’</i></p> <p>The Grounds Maintenance Service falls within the Environment and Leisure Service. Examination of the service plan provided by Head of Environmental and Leisure found that this had not yet been updated for the park service being brought back in-house.</p> <p>Where an appropriate service plan is not in place, which includes the in house Grounds Maintenance Service, there is a risk that this team lacks direction and does not appropriately align its objectives to the delivery of the Council’s Community Strategy and Corporate Plan.</p>
Responsible officer	Deadline	
Head of Environmental Services / Assistant Contract Manager / Live Well programme Manager	Ongoing	

4. Priority 3 Issue

Action Proposed by Management	Findings
<p>A list of all staff that attended the induction can be cross checked with timesheets and via delivery of PPE equipment for 1st Feb 2019.</p>	<p>Induction introduces new staff to the Council's culture, policies and procedures and objectives.</p> <p>Induction for the newly transferred staff from Ideverde was held on 1 February 2019 and discussion with the Assistant Contract Manager confirmed that all staff had attended this induction. However, no records were held of those staff who attended the induction.</p> <p>When induction attendance is not monitored, there is a risk that any staff not attending this induction may not be identified.</p>

TERMS OF REFERENCE

Bringing Services in-House Parks Service

1. INTRODUCTION

- 1.1 The grounds maintenance function encompasses a wide range of services in relation to Croydon's 127 parks and open spaces as well as the highway verges. These include; planting, grass cutting, hedge trimming, and legging up of trees, locking and unlocking of parks, sweeping and litter bin emptying in parks.
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- 1.4 The service also co-ordinates the biodiversity and land management for nature conservation across the borough, through supporting over 40 Friends of Park Groups, who provide in excess of 5,000 volunteer hours per annum and a number of successful partnerships, including Croydon TCV and the Downlands Partnership.
- 1.5 This audit is being conducted as part of the agreed Internal Audit Plan for 2019-20.

2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
 - Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls, and
 - Report on these accordingly.

3. SCOPE

- 3.1 This audit examined the Council's arrangements for bringing the parks service in house and included the following areas (and issues):





Bringing Services in-House: Parks Service 2019/20

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Transfer and Management of Staff	0	1	1
Transfer, Control and Maintenance of Tools and Equipment	0	1	0
Budget Setting and Monitoring	1	0	0
Governance of the Service	0	1	0
Engagement with Friends of Park Groups, Partnerships and other Interested Parties	0	2	0
Service Planning and Strategy.	0	1	0
TOTAL	1	6	1

DEFINITIONS FOR AUDIT OPINIONS AND IDENTIFIED ISSUES

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are consistently applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to issues identified are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that represent an exposure to risk and require timely action.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our 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 our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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