

Argyll and Bute Council  
Internal Audit Report  
August 2019  
FINAL

# Cleaning

Audit Opinion: Substantial

	High	Medium	Low
Number of Findings	0	1	1

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## 1. Executive Summary

### Introduction

1. As part of the 2019/20 internal audit plan, approved by the Audit & Scrutiny Committee in March 2019, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to cleaning.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

### Background

4. Customer Services directorate are responsible for the cleaning of 34 schools and 53 offices within Argyll and Bute as well as carrying out cleaning of premises owned by third parties (Argyll Community Housing Association (ACHA)). The majority of cleaning activity is conducted out with office hours to minimise disruption to building users. Cleaning staff are managed remotely by two service managers and two catering and cleaning co-ordinators.
5. The 2019/20 budgeted costs for cleaning is £1.585 million. The total number of full time equivalents in the cleaning services is 74.6 equating to 234 cleaning posts.

### Scope

6. The scope of the audit was to assess the adequacy of performance monitoring for the cleaning of council premises and the arrangements for financial monitoring as outlined in the Terms of Reference agreed with the Head of Service for Commercial Services on 5 July 2019.

### Risks

7. The risks considered throughout the audit were:
  - **Audit Risk 1:** cleaning of council premises is not conducted to a satisfactory standard
  - **Audit Risk 2:** the cleaning service is not subject to appropriate financial monitoring

### Audit Opinion

8. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.

9. Our overall audit opinion for this audit is that we can take a substantial level of assurance. This means that internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.

### Recommendations

10. We have highlighted one medium priority and one low priority recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- a practical process should be devised which ensures cleaning staff receive the training they require to carry out their duties safely
  - the financial performance information in Pyramid for cleaning services and catering services should be shown separately rather than consolidated.
11. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

## 2. Objectives and Summary Assessment

12. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

### Exhibit 1 – Summary Assessment of Control Objectives

	<b>Control Objective</b>	<b>Link to Risk</b>	<b>Assessment</b>	<b>Summary Conclusion</b>
1	There are appropriate standards and/or guidance to support the cleaning of council premises	Audit Risk 1	Reasonable	There are detailed cleaning schedules and standards to support the cleaning of council premises. There are training programmes however there is limited evidence to provide assurance that cleaning staff are receiving the training they require.
2	Cleaning is subject to monitoring to ensure standards are adhered to	Audit Risk 1	Substantial	There is a mechanism in place to allow issues with cleaning to be raised and addressed. Whilst there are no arrangements to routinely carry out quality checks there is a monthly customer satisfaction process and the results of this provide assurance that the overall quality of the service is high.
3	Appropriate arrangements are in place to monitor the cost of delivering cleaning services.	Audit Risk 2	Substantial	Performance is monitored via the customer satisfaction surveys and through monthly budget monitoring. Reporting of financial performance would be more transparent if the financial information input in Pyramid did not consolidate the financial results of the Cleaning Service with those of the Catering Service.

13. Further details of our conclusions against each control objective can be found in Section 3 of this report.

### 3. Detailed Findings

There are appropriate standards and/or guidance to support the cleaning of council premises

14. Commercial services have appropriate cleaning schedules and standards to support the cleaning of council premises which are accessible to cleaning personnel. These detail:
- area to be cleaned
  - description of what should be cleaned and frequency i.e. daily/weekly
  - description of cleaning activity that should be carried out
  - acceptable standards
  - description of what is not acceptable.
15. The cleaning service was subject to an independent review in 2016/17 as part of the Catering and Cleaning Service Choices review. This review noted that *'the current hours and standards are at the lower end of acceptable, but meet the basic minimum requirements expected'*. There have been no further reduction in personnel or standards since that review. Consequently we have assumed the same conclusion would be reached if a further review was carried out.
16. Commercial services have a number of training programmes for new starts including Care of Substance Hazardous to Health, Safe Cleaning, Preventing Slips and Trips, amongst others. Training is often delivered through 'Toolbox Talks' with accompanying forms which state *'You should now sign a Special Training Record Form to record that this Toolbox Talk has been delivered. A copy of this will be retained by your Regional Manager.'*
17. As part of our audit we asked for copies of training records to be provided for a sample of new starts however we were advised that there was insufficient resource available to make this documentation available. Consequently we were unable to provide assurance that cleaning officers are being provided with appropriate training. Whilst we recognise the service has a large number of staff and there are resource implications in maintaining accurate training records there is a risk that the Council may breach the Health and Safety at Work Act which states that *'It shall be the duty of every employer to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all employees.'*

#### Action Plan 1

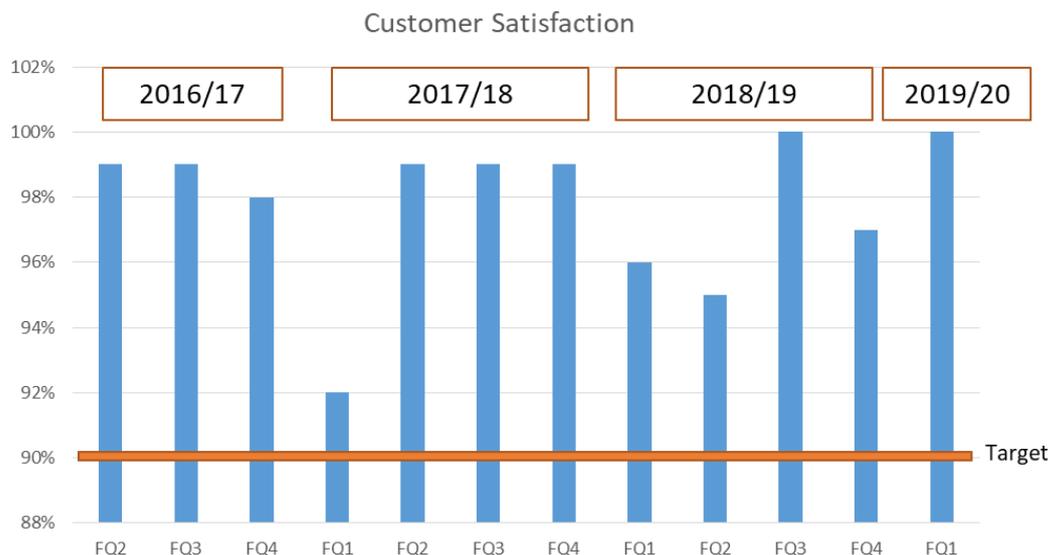
Cleaning is subject to monitoring to ensure standards are adhered to

18. There are two catering and cleaning service managers and two catering and cleaning coordinators whose remit includes addressing any issues relating to the cleaning service.
19. The Council previously employed mobile cleaning supervisors to perform spot checks to ensure cleaning standards were being adhered to however these posts were removed as part of savings options approved by the Council in 2011/12. Since then there has been no routine monitoring of cleaning standards carried out.
20. There is a mechanism in place allowing personnel within the premises cleaned to raise any concerns directly with their relevant Facility Responsible Person (FRP) who would raise it with

the appropriate service manager or cleaning co-ordinator by telephone, e-mail or through the completion of a service satisfaction form.

21. The opportunity to feedback on the performance of the cleaning service is available to every FRP each month via customer satisfaction questionnaire forms. Clients are asked to evaluate the key elements of the cleaning service received over the month against evaluation standards ranging from excellent to unacceptable. Evaluations are summarised and reported by the regional managers via the Pyramid performance system. There is no log kept of issues where the cleaning has been assessed as being below an acceptable standard. This would allow management to assess whether there were ongoing issues within particular premises. Exhibit 2 demonstrates that over the past three years the service has maintained a very high standard. This consistent performance provides assurance that any issues with cleaning are relatively minor. Consequently, no recommendation has been made regarding issues not being formally logged.

Exhibit 2 – Percentage of Customer Satisfaction Reports Rating Cleaning as Good or Above



22. Commercial services submit data on the delivery of the cleaning service to an Annual Public Sector Excellence Building Cleaning (APSE) benchmarking exercise. APSE use this data and other benchmarking information to create an annual benchmarking report. The most recent APSE report confirms that, for cleaning costs per square metre, the council had the 11<sup>th</sup> highest cleaning costs out of a total of 17 councils who had completed the APSE return (£14.76 per square metre). The council with the highest costs was £23.78 per square metre and the lowest cost was £12.15 per square metre. Management have stated that cleaning costs within Argyll and Bute are generally higher due to the rural nature of the Council area. APSE do not publish the names of councils within the report. Commercial services are currently evaluating whether to continue participating in the APSE benchmarking exercise as the number of local authorities participating has steadily declined.

Appropriate arrangements are in place to monitor the cost of delivering cleaning services.

23. Performance is monitored via Pyramid on a quarterly basis. This focuses on two indicators. One for the results of the satisfaction questionnaires (see exhibit 2) one for the net revenue surplus/deficit. Whilst budget monitoring reports separate the net revenue surplus/deficit between catering services and cleaning services, the information input to Pyramid consolidates

them into one figure. Consequently, from a reporting perspective, a material net deficit in one service could be obscured by a net surplus in the other. Financial transparency would be enhanced if the catering and cleaning revenue performance were reported separately.

#### **Action Plan 2**

24. Financial Services produce monthly financial monitoring reports which compare actual costs and budget. They engage regularly with cleaning budget holders during and discuss a range of issues including variance explanations and expected cost or demand pressures that may impact the final outturn for the year.
25. Commercial services hold regular team meetings where issues pertinent to cleaning are discussed including financial performance. Actions resulting from team meetings are recorded via an 'action tracker; report where the status of each action is reported.

## Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	<p><b>Training Records</b></p> <p>There is no central log of training delivered to cleaning staff and limited evidence that formal staff training is recorded.</p>	<p>Staff may not receive the appropriate training required to perform their duties which may place the Council at risk of breaching the Health and Safety at Work Act.</p>	<p>Catering and Cleaning Co-Ordinators will programme a visit schedule to all cleaning sites over the coming six months, to ensure that staff have the necessary training and that this is recorded.</p> <p>A central record will be retained. This will be reviewed annually for accuracy.</p>	<p>Service Managers</p> <p>28 February 2020</p>

<b>Low</b>	<b>2</b>	<p><b>Pyramid Reporting</b></p> <p>The Pyramid performance indicator used to monitor net revenue surplus/deficit consolidates the financial results for catering and cleaning rather than reporting them separately. Consequently a material net deficit in on service could be obscured by a net surplus in the other.</p>	<p>Reporting of financial performance is not sufficiently transparent to facilitate proper scrutiny.</p>	<p>The financial figures within Pyramid are generated by a monthly interface which feeds from the budget monitoring database. The interface and budget monitoring database would require modification in order to report this figure on pyramid separately.</p> <p>Therefore, the financial indicator will remain a net figure, however supporting narrative will be uploaded into pyramid via the comments section to provide the split between catering and cleaning.</p>	<p>Accountant – Commercial Services</p> <p>31 August 2019</p>
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In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.

## Appendix 2 – Audit Opinion

Level of Assurance	Definition
<b>High</b>	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
<b>Substantial</b>	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
<b>Reasonable</b>	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
<b>Limited</b>	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
<b>No Assurance</b>	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.