

Causeway Coast and Glens Borough Council

Internal Audit Report Facilities and Estates Management

November 2018
Final

MOORE STEPHENS

INTERNAL AUDIT REPORT

Facilities and Estates Management

Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2018/19. This report summarises the findings arising from a review of Facilities and Estates.

Through our audit we found the following examples of good practice:

- An effective maintenance management system (TABS) is in place for logging reactive maintenance work. Designated officers log issues noted from routine building inspections via an online helpdesk and Estates create a job sheet which is allocated a priority level and assigned to the relevant contractor/ in house team to complete the works.
- A significant exercise has been undertaken by Estates to record all legionella and asbestos surveys/ assessments from the legacy councils (as well as more recent surveys) on all Council locations. Results and actions from these have been collated and Estates are now in a position to log and prioritise these on the TABS database (although further work is required to finalise this).
- Sufficient records of weekly and monthly planned statutory tests carried out on Council properties are maintained.
- Testing revealed that only work that is fully complete and has a relevant job sheet, purchase order and invoice will be paid.

There were 6 findings and recommendations from our audit and 1 point for management. There were 3 Priority 2 recommendation which are detailed below:

- 1 During testing of 3 maintenance contracts we found that they were initially awarded for a one-year period (from April 2015 – March 2016) with the option of extending for a further 2 years. These were extended for this period ending in March 2018. These contracts have now expired and have not yet been re-tendered. It was also noted during testing that annual certificates/ registration with appropriate bodies (such as gas safe register and NSI fire gold scheme) were provided at the time contracts were originally awarded, however these were not requested in subsequent years to ensure contractors continued to be appropriately qualified to carry out the work. All maintenance contracts should be re-tendered in a timely manner to ensure no gaps in provision of maintenance services and management should ensure that checks on contractors qualifications are performed when a contract is extended.

- 2 There is no formal assessment of the performance of contractors prior to renewing annual contracts. We also noted that key performance indicators relating to completion rates were noted within the contract however these have not been formally monitored. All key performance indicators and service delivery targets should be formally monitored throughout the term of the contract and considered when any decision is being made on renewing an annual contract
- 3 Our audit noted that for some contracted services, the value of work completed to date (April to October 2018) significantly exceeded the contract value agreed for the year. We were advised that remedial work identified during regular contracted work accounts for the majority of additional costs, however there is no high-level monitoring of contract value against work completed to date (by either Finance or Estates) to determine whether maintenance work could be delivered more cost effectively. We recommend that a record is maintained of the cost, type and levels of maintenance work undertaken to allow a review of the cost-effectiveness of contracts in place.

The table below summarises the key risks reviewed:

Risk	Number of recommendations & Priority rating		
	1	2	3
There are inadequate arrangements in place regarding the monitoring of Council buildings and facilities to ensure that statutory testing and inspections are being carried out in a timely manner resulting in potential health, safety and legal implications for the Council	-	-	2
Inadequate arrangements are in place regarding the maintenance of Council land and buildings leading to substandard facilities, poor working conditions, reputational damage and inefficient use of Council resources.	-	-	1
Maintenance and service contracts are not reviewed on a regular basis potentially leading to work being performed to a poor standard or the Council not achieving value for money	-	3	-
Access to facilities is not appropriate for disabled staff and/or members of the public leading to the Council being in breach of the Disability Discrimination Act and an inability to effectively provide services to disabled people.	-	-	-
Total recommendations made	0	3	3

Based on our audit testing we are able to provide the following overall level of assurance:

Satisfactory

Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Points for the attention of Management

- From our review of fire safety log books for four locations we noted that overall these were comprehensive and up to date. However, the section on fire safety training were missing/ incomplete for 2 of these locations. We were advised that training has taken place and that those carrying out routine fire safety checks have received appropriate training. It is important that fire safety training records are held on file as evidence that those carrying out daily fire safe checks are competent to do so.

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Distribution:	Audit Committee Chief Executive Director of Environmental Services Head of Estates
	November 2018

Audit progress	Date
Audit commenced	15 th October 2018
Draft Report issued to senior management for response	22 nd November 2018
Responses Received	29 th November 2018
Responses Agreed	TBC
Report Issued	TBC

All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council's internal control system.

1 Objective

The areas for inclusion in the scope of the audit were determined through discussion with management and considered the main risks facing grounds maintenance and a review the key systems and controls in place to address these. The objective being to ensure that:

- There are adequate arrangements in place in relation to statutory testing and inspections at Council property
- There are adequate arrangements in place regarding the maintenance and management of buildings owned by the Council
- Maintenance contracts are regularly monitored and reviewed
- Appropriate accessibility arrangements are in place for Council facilities

2 Background

Estates and Facilities management supports the core business of Council through maintaining its facilities and ensuring that the buildings Council occupy can support the Council's strategic objectives. The on-going costs of facilities management can often represent a significant element of expenditure. Within Causeway Coast and Glens Borough Council, executive management responsibility for facilities management lies with the Director of Environmental Services. On a day-to-day basis, this is delegated to the Head of Estates who is supported by the Assets Manager. The Head of Civic Buildings, Head of Health, Wellbeing and Sport, and the Head of Tourism are responsible for facilities within their service area; these are split into Civic Buildings, Sport & Wellbeing Facilities and Tourist Facilities. For any repair or maintenance work required for these facilities, the estates team is contacted to organise this work.

Reactive repairs are reported through the TABS Software package. Planned maintenance such as electrical installations, boiler servicing and specialised responsive repairs, are undertaken by a number of contractors who are organised by the estates team. These are currently engaged annually and invoiced per works completed.

3 Risks

The risks identified by Internal Audit relating to grounds maintenance and agreed with management in advance of the audit are as follows:

1. There are inadequate arrangements in place regarding the monitoring of Council buildings and facilities to ensure that statutory testing and inspections are being carried out in a timely manner resulting in potential health, safety and legal implications for the Council

2. Inadequate arrangements are in place regarding the maintenance of Council land and buildings leading to substandard facilities, poor working conditions, reputational damage and inefficient use of Council resources.
3. Maintenance and service contracts are not reviewed on a regular basis potentially leading to work being performed to a poor standard or the Council not achieving value for money
4. Access to facilities is not appropriate for disabled staff and/or members of the public leading to the Council being in breach of the Disability Discrimination Act and an inability to effectively provide services to disabled people.

4 Audit Approach

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

The table below shows the staff consulted with and we would like to thank them for their assistance and co-operation.

Job title
Head of Estates
Assets Officer
Business Support Officer, Estates
Technical Officers (Ballymoney)
Maintenance Officer RVLC
Caretaker Megaw Park
Technical Officer (Limavady)

5 Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations. A summary of all the key controls that we considered is included in Appendix II to this report.

5.1 Risk 1– Management of Statutory Testing

ISSUE 1 – Statutory Tests

a) Observation- The Asset Officer is responsible for ensuring that regulatory inspections and tests such as PAT testing and fire safety equipment testing are carried out on Council facilities and premises. Dates of inspection and associated costs are recorded on spreadsheets and the Asset Officer uses these and his experience when planning for re-inspections. Audit testing found no evidence of statutory testing not occurring as needed.

A facilities management database which is already used by Estates to record all reactive maintenance work has a facility to schedule all statutory planned inspections to be completed across the premises and alerts can be set up to prompt the Assets Officer to organise the contractor to complete inspections within the necessary timeframe. Initial work has been done for scheduling some planned testing however this has been slow to progress due to the busy workload of this section.

b) Implication- In the absence of a formal programme or electronic system for scheduling statutory testing it is more difficult to flag when re-inspections are due to take place and ensure they are completed within the necessary timeframes, increasing the risk of some statutory testing getting overlooked.

c) Priority Rating- 3

d) Recommendation - Going forward, all planned statutory testing such as PAT, Annual Electrical testing and Fire Safety testing should be entered on TABS. Alerts can be set up to allow sufficient time to have these completed within deadlines and would help identify the facilities management requirements of each Council premise and ensure that equipment is effective in the event of an incident occurring.

e) Management Response- Work is on-going to programme planned maintenance into the computerised system. As all positions within the team have now been filled it is anticipated that this issue will be resolved by April 2019.

f) Responsible Officer & Implementation Date- Assets Officer – 31st March 2019

ISSUE 2 – Asbestos, Legionella and Fire Safety

a) Observation- The Council seeks to ensure that buildings and facilities are maintained to high standards in order to minimise the risk to staff and members of

the public. Controls in place include risk assessments and surveys for legionella and asbestos which are performed by external contractors. Technical Officers within Estates have recently undertaken a significant exercise to record and map results of legionella and asbestos surveys for each Council building/ premises to identify locations that require re-inspection and remedial works. These have not yet been programmed on the TABS property management database. Similarly, fire risk assessments have been completed in-house by the Council's Fire Safety Officers and prioritised actions are reported on these to minimise risk and ensure adequate fire precautions. The designated officer for each building is responsible for reviewing the risk assessment and ensuring that any priority issues are logged on the database via the helpdesk so that maintenance work/ repairs can then be arranged. From our review work it was difficult to determine whether all high priority issues have been logged for all locations and/or actioned.

As a result of the recently completed comprehensive legionella risk assessments new files have been created for each facility to record the type and frequency of legionella checks to be carried out (by in-house staff) at each of these. This is in the process of being rolled out across the Borough (the 4 main Council buildings and leisure services have been completed). Our review of legionella files revealed that testing had not been carried out at two public conveniences in the Limavady area since July 2018 (when they continued to be open to the public). We were advised that the staff member responsible for carrying out these checks had moved to a different job and the Assets Officer had not been informed to enable alternative arrangements to be made.

b) Implication- If priority actions identified through legionella, asbestos and fire risk surveys are not programmed/ logged on the TABS database, and if there is no process to flag when resources are not in place to perform routine testing there is an increased risk that important issues are overlooked and are not adequately managed.

c) Priority Rating- 3

d) Recommendation- Designated officers should be reminded that jobs identified from asbestos, legionella and fire safety surveys and risk assessments should be created on TABS, prioritised and assigned to the relevant in-house/ external contractor. Images and diagrams from these surveys should also be uploaded on to TABS so that the Responsible Officer can provide necessary information to contractors prior to commencing work. Procedures should also be put in place to flag to management when a person responsible for carrying out routine in-house legionella tests (in line with risk assessments) is not available. This will allow alternative arrangements to be made, to ensure compliance with statutory legionella regulations. Consideration may be given to training a second staff member to cover this area.

e) Management Response- Maintenance requests come from the person responsible for the asset. The decision to raise issues rests with this budget holder. 'Estates' can advise but ultimately cannot dictate what is logged on the system. Monthly meetings have been arranged with HR to review staffing issues such as leavers, long term sick and so on. This will allow measures to be put in place to cover absent staff.

f) Responsible Officer & Implementation Date- Head of Estates - immediate
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5.2 Risk 2 – Maintenance Arrangements

ISSUE 3 – Work Planning

a) Observation- As noted previously, an effective facilities management database is in place for logging reactive maintenance issues that are identified as a result of daily/ weekly inspections and building checks carried out by care takers, duty officers and maintenance officers. For each issue logged on TABS, a job sheet is created which is assigned to a contractor and in-house supervisor. The job remains live until works have been completed, verified and authorised. Testing revealed that this system is effective for managing reactive maintenance work; over 7,000 jobs were logged on the helpdesk during the 12-month period October 2017 -October 2018.

Currently there is no formal system in place to record planned maintenance work (such as annual servicing of air conditioning units, boilers, washroom services) for each facility. Folders exist for each service contract and a spreadsheet is in place to record invoice details and location of work carried out for cost coding purposes. However, the spreadsheets do not highlight what scheduled maintenance should take place and when. The TABS database has a planned maintenance module for scheduling this work which is not yet being utilised.

b) Implication- In the absence of a formal programme for scheduling planned services there is an increased risk that some facilities are overlooked and their condition declines.

c) Priority Rating- 3

d) Recommendation- The Asset Officer should ensure that all planned maintenance and servicing works are programmed on the maintenance database to identify the facilities management requirements of each Council premise, to produce preventative maintenance plans and a process developed to monitor the plan including a method to track opened, closed and planned works orders for each facility. This will ensure that a centralised system is in place for the management of Council properties and will enable a more efficient and effective approach to be taken in relation to addressing property related issues.

e) Management Response- See response to Issue 1

f) Responsible Officer & Implementation Date- Assets Officer 31st March 2019

5.3 Risk 3 – Maintenance Contracts

ISSUE 4 – Contract Renewal

a) Observation- During testing of a sample of 3 maintenance services contracts we found that they were initially awarded for a one-year period (from April 2015 – March 2016) with the option of extending for a further 2 further years. These contracts were extended for this 2 year period which ended in March 2018. These contracts have now fully expired and have not yet been re-tendered. Testing also noted that annual certificates/ registration with appropriate bodies (such as gas safe register and NSI fire gold scheme) were provided at the time contracts were awarded, however these were not requested in subsequent years to ensure contractors continued to be appropriately qualified to carry out the work.

b) Implication- Without up to date service contracts in place, there is an increased risk that any issues relating to the service may not be easily resolved or value for money may not be achieved.

c) Priority Rating- 2

d) Recommendation- Whilst we recognise the process has already begun to tender service contracts, the Council should ensure that this occurs as soon as practically possible. It is important that these services are tendered to ensure the most efficient use of Council resources. Where contracts have been rolled forward without re-tendering, approval should be sought from the Council.

Once new contracts have been awarded, Estates should develop the current list they retain of type of maintenance services into a formal register of maintenance contracts. This should include all maintenance contracts the Council is engaged in, contract duration and expiration date, key contact details, and value of the contract per annum. This would help to ensure that the Council has a clear record of contracts in place and act as a reminder to review contracts which are close to expiring on a timely basis. When a contract is extended, Estates should verify that up to date certification/ registration is in place for those contractors.

e) Management Response- Now that all positions within the team have been filled work is on-going into how best to buy in external services. Whilst the existing contracts could be quickly re-tendered experience now suggests that this may not be in the best interests of Council. It is anticipated that a framework approach would be better than the current 'rolled over' arrangements and advice is being sought.

f) Responsible Officer & Implementation Date- Assets Officer – 1st July 2019

ISSUE 5 – Completion Rates

a) Observation- Audit noted that the Assets Officer meets regularly with Heads of Service and Facility Managers to discuss maintenance issues and we were advised this arrangement works well for monitoring scheduled and completed jobs for that facility. From our review of the facilities maintenance database we noted that overall, 74% of jobs logged on the system in the period Oct 17 – Oct 18 had been

<p>completed throughout the Borough (both contracted and internally). For a sample of 3 contractors we noted the percentage of completed jobs ranged from between 55%-60%. We were advised that there is no formally documented assessment of the actual performance of contractor performance prior to renewing annual contracts. We also noted that key performance indicators (KPIs) relating to completion rates were noted within maintenance contracts however these have not been monitored.</p>
<p>b) Implication- Without appropriate monitoring of contractors' performance against KPIs there is an increased risk that work is not completed on a timely basis and poor performance may not be identified/addressed.</p>
<p>c) Priority Rating- 2</p>
<p>Recommendation- Consideration should be given to formally monitoring the performance of contractors (and in-house teams). Where appropriate, meetings should be held with contractors to discuss performance and for planning purposes. Closer monitoring of current and scheduled maintenance work on TABS should also be encouraged by officers responsible for each building and ensure follow up on outstanding issues with Estates and/or contractors.</p>
<p>d) Management Response- Further to the response to Issue 4 it is hoped to include measures to monitor contractor performance in any future contracts. This may include an element of contractor self-monitoring (eg. submission of regular reports on, for example, response times) subject to in-house audit.</p>
<p>e) Responsible Officer & Implementation Date- Assets Officer – 1st July 2019</p>

ISSUE 6 – Performance Review

- a) Observation-** Testing found that all invoices received by Council for maintenance work are checked against work carried out. For routine maintenance works (for example servicing of lifts, intruder alarms and fire alarm testing), copies of the reports are forwarded to Estates as evidence of testing carried out and these are attached to invoices for payment. Hourly rates and/or unit costs are also checked against contract prices to ensure the correct charges have been applied. Our audit noted that for some contracted services, the value of work completed to date (April to October 2018) significantly exceeded the contract value agreed for the year. We recognise that remedial work identified during scheduled or contracted work may account for the majority of additional costs, however there is no high-level monitoring of contract value against work completed to date (by either Finance or Estates) to determine whether maintenance work could be delivered more cost effectively. An allocation for planned maintenance work is included as appropriate within each individual facility's budget and these budgets are monitored throughout the year (by the individual facility manager) as part of the standard monitoring of budgets.

<p>b) Implication- Without monitoring of total maintenance costs across Council, there is an increased risk that the overall annual value of contracted work could escalate and value for money may not be achieved.</p>
<p>c) Priority Rating- 2</p>
<p>d) Recommendation- A review mechanism should be put in place in relation to the overall maintenance budget and expenditure. This would also help to ensure that management are provided with appropriate and timely information in relation to spend on maintenance</p>
<p>e) Management Response- Recent improvements to the accounting process allows for greater scrutiny of costs. This includes the ability to differentiate between contracted routine maintenance/service costs and other costs associated with repairs, improvements or upgrades. Discussions are required with Finance on how reports might be generated to show this information.</p>
<p>f) Responsible Officer & Implementation Date- Head of Estates – 31st January 2019</p>

5.4 Risk 4 – Disability Discrimination Act (DDA)

No issues to report

Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

Appendix II: Summary of Key Controls Reviewed

Facilities and Estates

Risk	Control issues
<p>There are inadequate arrangements in place regarding the monitoring of Council buildings and facilities to ensure that statutory testing and inspections are being carried out in a timely manner resulting in potential health, safety and legal implications for the Council</p>	<ul style="list-style-type: none"> • Those responsible for overseeing facilities management have a clear understanding of the statutory tests and inspections that should be carried out • A database/system is in place to record what regulatory maintenance/testing is required, frequency of inspections and when these should be carried out • Inspections are carried out by appropriately trained and qualified staff/ contractors • Appropriate documentation/ inspection sheets/ certificates are completed and maintained for all inspections • A plan of action is developed to address issues identified through tests and inspections • Management follows up on the implementation of the action plan to ensure that issues are dealt with in a timely manner • Adequate arrangements are in place regarding: <ul style="list-style-type: none"> • Fire • Legionella • Asbestos
<p>Inadequate arrangements are in place regarding the maintenance of Council land and buildings leading to substandard facilities, poor working conditions, reputational damage and inefficient use of Council resources.</p>	<ul style="list-style-type: none"> • Roles, responsibilities and accountabilities for managing the Council's estate and facilities are clearly defined, documented and assigned • A maintenance database/system is in place to record, manage and prioritise maintenance work and this is monitored by the Estates Manager • Regular condition surveys are completed for each building • For each Council building a work plan is in place for planned maintenance/ servicing and when these are due to be carried out. (e.g. electrical and mechanical, plumbing, lifts, security/ CCTV, boilers) • Routine building checks are carried out by appropriate staff (such as duty officers and caretakers) to identify hazards and evidence of these checks is recorded • Where tests and inspections have highlighted issues, a system (such as a facilities Helpdesk or email address) is in place for notifying the Head of Estates/ Responsible Officer of any maintenance work that requires attention and staff are aware of these as part of routine housekeeping checks. • Maintenance works are carried out within designated timeframes and log books are maintained of all planned and unplanned work carried out by external contractors. • Maintenance work is approved by an authorised officer before being undertaken and is verified as completed to the required standard on a timely basis

Risk	Control issues
<p>Maintenance and service contracts are not reviewed on a regular basis potentially leading to work being performed to a poor standard or the Council not achieving value for money</p>	<ul style="list-style-type: none"> • Facilities management contracts or in-house are in place for the following <ul style="list-style-type: none"> ○ Electrical and mechanical services ○ Servicing of oil boilers ○ Plumbing ○ Lift maintenance ○ Intruder alarm maintenance ○ Cleaning ○ Energy management • Register of contracts is in place detailing the name of contractor, duration of contract, date for renewal and cost per annum of the service • Where contracts have rolled forward, sufficient evidence in place to support this decision from Council. • Evidence that contractors only working within their contracted area and any additional work is not undertaken that should have potentially been tendered • There is sufficient performance monitoring of facilities contractors
<p>Access to facilities is not appropriate for disabled staff and/or members of the public leading to the Council being in breach of the Disability Discrimination Act and an inability to effectively provide services to disabled people.</p>	<ul style="list-style-type: none"> • Disability Discrimination Act (DDA) audits have been completed for each facility • A plan of action is developed to address issues identified in the DDA audit • Management follows up on the implementation of the action plan to ensure that actions are dealt with in a timely manner • Any new facilities or buildings built by Council, or any refurbishments of buildings, includes consideration of disability access

Appendix III: Points for the Attention of Management

Training Records

From our review of fire safety log books for four locations we noted that overall these were comprehensive and up to date. However, the section on fire safety training were missing/incomplete for 2 of these. Audit was advised that those carrying out routine fire safety checks have received appropriate training. It is important that fire safety training records are held on file as evidence that those carrying out daily fire safe checks are competent to do so.

Management Response: With fire safety officers now in post, training needs are being more readily identified and progressed. There has been significant progress in this regard during 2018. Responsibility for ensuring training is up to date rests with the asset manager (not Estates). When audit advises of the two locations we will bring this to the attention of the appropriate asset managers.