

Internal Audit Report

Facilities Management June 2018

To: Deputy Chief Executive, LBB
Head of Estates, LBB
Client Lead for CSG Estates, LBB
Operations Director, CSG
Director of Estates, CSG
Head of Building Services, CSG
Acting Head of Facilities Management, CSG
Commercial Performance and Development Manager, LBB
Community Safety Manager, LBB
Information Management Officer, LBB
Internal Communications & Engagement Manager, LBB

Copied to: Director of Finance, LBB
Head of Finance, LBB

From: Internal Audit Executive, LBB
Internal Audit Apprentice, LBB

We would like to thank management and staff of CSG and LBB Commissioning for their time and co-operation during the course of the internal audit.

Executive Summary

| Assurance level | Number of recommendations by risk category | | | | |
|--|--|-------------|---------------|------------|-----------------|
| Limited | Critical | High | Medium | Low | Advisory |
| | - | 2 | 2 | 2 | - |
| Scope | | | | | |
| <p>Facilities Management is delivered at the Council through the Customer and Support Group (CSG), a contract between the Council and Capita. The Facilities Management Team provide a number of services within the CSG contract for the seven maintained sites within the Council estate (North London Business Park (Buildings 2 and 4), Barnet House, Hendon Town Hall, Oakleigh Road Depot, Friary House and Colinhurst House).</p> <p>Facilities Management are responsible for a number of key tasks to support the delivery of this aspect of the CSG contract such as:</p> <ul style="list-style-type: none"> - Resolving facilities incidents: The Facilities Management Team respond to building issues regarding maintained sites. In October 2017 a new software package, FM Support Works, was implemented to support the logging, tracking and reporting of incidents and their resolution. Facilities management incident resolution times are monitored through KPI CSG/C25. In Q1, 2017/18 the KPI reported that 100% of reported incidents were resolved within target timeframes; - Budgets: Facilities Management are responsible for monitoring the facilities management budget, which is circa £3 million per annum, on behalf of the Council and work with the Council to ensure that cost savings are identified and subsequently realised; and - Policies and procedures: Facilities Management are responsible for ensuring that relevant policies and procedures are in place that clearly define the roles and responsibilities of key personnel in facilities management processes. <p>This audit reviewed the design and operating effectiveness of the key controls in place relating to the three key activities listed above.</p> | | | | | |
| Summary of findings | | | | | |
| <p>During our audit, we noted that a number of actions had been taken by CSG Estates to improve the work of the Facilities Management Team including:</p> <ul style="list-style-type: none"> o The Hornbill system went 'live' in October 2017 to support incident resolution and performance measurement; o Regular reports of budget positions were included in Monthly CSG Estate Services Performance Reports to assist with oversight of budgetary position; o The role of Facilities Manager had been filled with a permanent member of staff to support Facilities Management and reduce the risks associated with a single point of failure within the Team; and | | | | | |

- We also noted that management had identified improvements to be made regarding policies and process documents, such as the creation of welcome packs for new custodians and new officers to the Council. The Team has also recognised the need to upload policies in a central location within BarnetWork (the Council's Intranet). We found evidence that management were working towards implementing these actions.

This audit has identified two high, two medium and two low risk findings.

We identified the following issues as part of the audit:

- **Data Quality – KPI CSG 25: Incident Resolution (finding 1, 'high' risk rating)** – The Facilities Management Team report on incident resolution through KPI CSG 25 (Incident Resolution). This is the only KPI in place specifically regarding Facilities Management, which was forecast to spend £6.4m in 2017/18. We noted that where the outturn is under 100% the Council is entitled to a service credit.

We noted the following issues:

- The KPI definition requires for jobs to be categorised according to resolution time; however, we found that there was no definition of reporting categories and their agreed rectification times. All requests in 2017 were reported as requiring a resolution in 48 hours.
- Management confirmed that incidents could be placed on 'hold' when there is a delay outside the control of Facilities Management but we noted there was no definition or clear expectation of reasons to place incidents on hold.
- We selected 11 jobs which were completed in October and November 2017 and found that:
 - 1/11 (9 %) incidents were reported as closed but had not been resolved in February 2018. Management confirmed that this incident requires the input of the Landlord which is outside CSG's control but this issue had been escalated with them. We found there is no agreed protocol in place for resolving issues with the Landlord;
 - 1/11 (9 %) requests related to a potential health and safety issue regarding a chair. Although this job was resolved in under an hour which suggested that jobs were being prioritised, it had not been escalated to a higher priority and was classed as a 'P4' which required resolution within 48-hours; and
 - 1/11 (9 %) requests required the procurement of materials and required two people to be present at the site. We found that the job was placed on hold for 19 days. Management confirmed that some of this delay was due to a key member of staff being on annual leave which delayed the acquisition of parts and two officers not being available to complete the job.
- **External contractors (finding 2, 'high' risk rating)** - We noted the following issues:
 - We found that there was a lack of audit trail linking incidents raised on Hornbill with Permit to Work (PtW) forms and subsequent Purchase Order (PO) numbers and invoices raised by contractors. This meant that in some instances we were unable to confirm controls were operating as expected.

- We were informed that standard practice for resolving incidents using external contractors is to raise a purchase order for £250, which is approved by a the CSG Estates Team. The contractor attends the site and subsequently raises an invoice for the correct amount, in line with a schedule of works. We considered that there was there the potential for work to be agreed by CSG Estates without a detailed knowledge of the final cost to the Council;
 - We selected five jobs which required the use of an external contractor:
 - For 4/5 (80%) there was no evidence to support Facilities Management approval of invoices to confirm that goods and services has been received prior to payment in four cases; and
 - For 1/5 (20%) jobs we could find evidence of two invoices which were for the same amount (£124.00) and same job completed date in addition to many similar details within narrative fields. Whilst we found Facilities Management approval to pay one of the invoices, due to the lack of audit trail between jobs raised on Hornbill and invoices we were unable to conclusively state whether payment had been made twice for the same job.
 - We were informed that payments over £250 require the authorisation of a suitable Approver but for one payment of £368.94, it was identified that no evidenced to confirm the relevant Project Manager approved goods and services had been received prior to payment.
- **Budget monitoring (finding 3, 'medium' risk rating)** – During the time of our fieldwork we noted that the Facilities Management managed budget for 2017/18 was £3.87m but in December 2017 was forecast to spend £4.91m (an overspend of 27%).
- **Roles and responsibilities:** During our review, we found there was a lack of clarity regarding the named Budget Holders and Budget Managers, whether budgets were monitored using Integra BDM and roles and responsibilities in approving works/invoices and the monthly budget monitoring process. This led to confusion when we made requests for evidence and conflicting views on the design and operating effectiveness of the controls in place, requiring additional audit resource to complete the review.
 - **Budget Monitoring Process:** We were informed by Management that the Estates budget monitoring process does not occur within the Integra BDM module, but that the following monthly budget monitoring cycle process was in place. We were informed that:
 - CSG Operations sends the Client Lead for Estates a spreadsheet containing the actuals and forecasts for financial year to date;
 - The CSG Operations Manager and the Client Lead for Estates meet to discuss the spreadsheet and its contents. Any discrepancies between forecast and actual are discussed along with the identification of savings. There is an expectation that the Head of Estates and Head of Building Services will attend the meeting quarterly; and
 - Actions arising from the meeting are compiled circulated to the attendees.

We selected three months from the financial year of 2017/18 and sought to verify that the budget monitoring was happening in line with the expectations described to us above. We found that:

- For 1/3 (33%) months we considered that the Budget Monitoring was not completed in line with expectations described to us. Whilst we found evidence of the CSG Operations Manager and CSG Finance meeting to discuss the Annual Work Plan we were informed this impacted on the Building Services budget rather than Facilities Management. We also saw evidence to confirm forecast versus actual being reported in the Monthly Estates Services Report.

However, we could not be supplied with evidence of what was discussed at the meeting, involvement of the Council or if any actions were raised as a result of the meeting.

- **Identification and monitoring of savings:** We considered that improvements could be made to the controls in place to document and support regular monitoring of budgets and devising a systematic and coordinated approach to identifying savings and monitoring them being achieved

- **Policies and Procedure Documents (finding 4, 'medium' risk rating)** - We noted the following issues:
 - **Policies in Place:** We selected seven areas of the output specification (Schedule 1) of the CSG contract and asked to inspect the procedure documents in place for these areas. We also reviewed other procedures referred to within these documents. We found that there were significant errors within some of the documents, for example:
 - The Facilities Management Welcome Starter Pack for New Employees for North London Business Park showed the fire evacuation point as Barnet House;
 - There was no Facilities Management Welcome Starter Pack for Oakleigh Road Depot.
 - Fire and Bomb Evacuation Procedures only covered North London Business Park and Barnet House;
 - Dynamic Lockdown Procedures only covered Barnet House and Hendon Town Hall

- We also found that some policies were not freely available to on the intranet, had not been reviewed recently or in-line with their review date and documents were not in place for each building within the Managed/Maintained Estate.

- **Notifying customers when incidents are placed on 'hold' (finding 5, 'low' risk rating)**. Management confirmed that the Hornbill system has the necessary functionality for Facilities Management to use Hornbill to manually contact requesters when a 'hold' has been placed on their job. At the time of fieldwork Management confirmed this functionality was not routinely used.

- **Expenses (finding 6, 'low' risk rating)**. Management informed us that expenses relating to the procurement of materials are approved by a senior manager in CSG and subsequently reclaimed through a monthly report to the Head of Estates, LBB. Facilities Management confirmed that only two expenses were reclaimed within the six months to January 2018 with a total sum of £104.03. We found that whilst there was evidence of CSG management approving expenses, spreadsheets provided to the Council to reclaim the funds did not document the sums to be reclaimed.

Notes:

Out of Hours Work: During fieldwork, it came to light through our discussions with Management that work is completed outside office hours where there is a pressing issue with the Facilities (i.e. in an emergency). We were told that there was no rota in place to identify which member of the Facilities Management Team would be available to deal with issues or would be 'on-call' to ensure a response. Most calls are received by the Acting Facilities Manager; however, Management confirmed that only one member of staff had a requirement in their job description to receive out-of-hours calls. Whilst out of the scope of our audit, we considered that management should review the procedures in place to ensure there is effective cover and clear reporting lines for out-of-hours contact and ensure there is not a single point of failure if a key member of the Facilities Team is not available.

CHAPS payments: We completed an analysis of payments made through Facilities Management cost codes and identified one CHAPS payment that had been made on 9 May 2017 for £2868. The payment was to WMF United Kingdom Limited, a catering equipment specialist. The Council's agreed approach is that CHAPS payments should only be made in exceptional circumstances so for emergencies or for payments that could not have been foreseen and settlement via Accounts Payable will incur significant additional costs or reputational damage to the Council due to payment delays. We considered that a payment to a catering specialist was not an exceptional circumstance and could not be provided with evidence to assure us that the payment in May 2017 was an emergency.

Facilities Management Welcome Packs for New Employees: We found that there was no routine mechanism for ensuring new employees at the Council were given a starter pack that had been designed by Facilities Management to make new employees aware of many protocols relating to Building and Facilities Management. Management confirmed that it is the responsibility of CSG HR not Estates, to ensure that new starters have sight of the packs. This is raised as a finding within our review of the Council's Onboarding processes, currently at the draft report stage.

2. Findings, Recommendations and Action Plan

| Ref | Finding | Risks | Risk category | Agreed action |
|-----|---|--|---------------|--|
| 1. | <p><u>Data Quality – KPI CSG 25: Incident Resolution - (Control Design and Operating Effectiveness)</u></p> <p>The Facilities Management Team report on incident resolution through KPI CSG 25 (Incident Resolution). Whilst the Estates Team as a whole report on 13 KPIs this is the only one which relates to Facilities Management. The KPI is reported as a percentage of jobs completed within the appropriate reporting category (e.g. Emergency 30 mins, Urgent 4 hours, etc) divided by the total number of jobs received in each category. We noted that where the outturn is less than 100% the Council is entitled to a service credit. In October of 2017/18 an outturn of 100% was reported.</p> <p>The Council has a Data Quality Policy to support the collection and use of data within the organisation. The five key principles underpinning the policy are that data is:</p> <p>1. <u>Accurate and complete</u></p> <p>The Hornbill system went 'live' in October 2017 to support incident resolution and KPI performance measurement. Management confirmed that for October the KPI was measured using data collected within Hornbill but some incidents were resolved outside of the system whilst the system was being embedded and therefore not all incidents would be logged in Hornbill and incorporated into the KPI outturn. We were therefore unable to ascertain the completeness of the reported outturn for KPI EST25 for October.</p> <p>Management confirmed that from November all jobs would be logged in Hornbill and therefore reported in the KPI outturn.</p> <p>2. <u>Reliable</u></p> <p>We reviewed the KPI and processes in place and considered improvements could be made regarding the data quality of the outturn with respect to reliability.</p> <ul style="list-style-type: none"> - Request Categories: The KPI definition sheets held by the Council's Performance Team states that jobs must be completed as in-line with the agreed reporting category. We could not find any further information to define reporting categories and agreed rectification times. We found that all requests in October 2017 were reported as requiring a resolution in 48 hours. | <p><i>If responsible officers do not know the correct KPI definition and do not follow the appropriate arrangements consistently and correctly for KPI collation and reporting, then KPI information may not be reported correctly and timely for appropriate decision making.</i></p> <p><i>If the KPI reported outturn is not accurate then the Council may not be able to scrutinise the performance of the Facilities Management function, including applying service credits where necessary and reaching a view as to the value for money being provided by the service.</i></p> | High | <p>Agreed actions:</p> <p>a) Management will draft expectations regarding KPI CSG 25 (Incident Resolution) to define:</p> <ul style="list-style-type: none"> - Expectations to ensure completeness of data; - Reporting categories and expected resolution time; - Criteria for jobs being marked as pending or 'on hold' and any approval which should be sought from LBB - When jobs should be reported as resolved and closed out on Hornbill; and - Steps to be taken by management to ensure that data quality is reliable, for example verifying data within the outturn and/or reviewing the progress of jobs, including those which have been placed on hold for long periods of time. <p>Responsible officer: Acting Facilities Manager, CSG</p> <p>Target date: 22 June 2018</p> <p>b) The draft document will be presented to and agreed by the Head of Estates</p> |

| Ref | Finding | Risks | Risk category | Agreed action |
|-----|--|---|---------------|---|
| | <p>- Placing requests on hold: Management confirmed that requests can be placed on 'hold' when there is a delay outside of the control of Facilities Management, for example when an external contractor is required or delivery of a part is needed. When Officers place a request on hold they can choose the length of 'hold' time. We found there was no agreed definition of what constituted a reasonable reason for putting incidents on 'hold' or an agreed approach for the length of time a request would be placed on 'hold'. We selected 4 jobs which were placed on 'hold' and found that one job was held as management were on leave so parts could not be ordered from a supplier. We were informed this job was also delayed as FM staff were not available to complete it in a timely manner. We considered these reasons were within the control of the Facilities Management team which would not warrant putting the job 'on hold' for the purposes of KPI reporting.</p> <p>We selected 11 jobs which were completed in October and November 2017 and found that:</p> <ul style="list-style-type: none"> - 1/11 (9 %) incidents were reported as closed but had not been resolved. The incident related to an access card not working. Management confirmed that this job required the input of the Landlord which is outside Facilities Management control. The incident was therefore closed out in Hornbill. We considered that the incident should have been placed on 'hold' until it had been sufficiently rectified. Management confirmed the issue has been escalated with Comer but there is no agreed protocol in place for resolving issues with Comer. The issue regarding access cards was not rectified at the time of issuing this report in March 2018. - 1/11 (9 %) requests related to a potential health and safety issue regarding a chair. Although this job was resolved in under an hour suggesting that work had been prioritised, it had not been escalated to a higher priority within Hornbill and was classed as a 'P4' which required resolution within 48-hours; and - 1/11 (9 %) requests required the procurement of materials and required two people to be present at the site to conduct the work safely. We found that the job was placed on hold for 19 days. Management confirmed that some of this delay was due to a key member of staff being on annual leave which delayed the acquisition of parts and two officers not being available to complete the job. <p>3. <u>Timely</u> – No issues noted.</p> | <p><i>If incidents are delayed unnecessarily then issues may not be rectified in a timely manner resulting in dissatisfaction with the service provided by the Facilities Management Team.</i></p> <p><i>If the KPI is reported incorrectly or in line with data quality principles the the</i></p> | | <p>Responsible officer: Acting Facilities Manager, CSG Head of Estates, LBB</p> <p>Target date: 29 June 2018</p> <p>c) The KPI will be updated as a result</p> <p>Responsible officer: Acting Facilities Manager, CSG Commercial Performance and Development Manager, LBB</p> <p>Target date: 30 September 2018</p> <p>d) CSG will review and formalise their existing escalation procedures with the Landlord (COMER).</p> <p>Responsible officer: Director of Estates, CSG</p> <p>Target date: 29 June 2018</p> <p>e) The escalation procedures will then be enacted regarding the ongoing issue with swipe card access</p> <p>Responsible officer: Director of Estates, CSG</p> |

| Ref | Finding | Risks | Risk category | Agreed action |
|-----|--|--|---------------|--|
| | <p>4. <u>Accessible and transparent</u> – No issues noted.</p> <p>5. <u>Relevant</u>– No issues noted.</p> <p>See Appendix 3 for a detailed breakdown of our findings.</p> | | | <p>Target date: 29 June 2018</p> <p>f) Management will review where jobs have been delayed by factors within their control – for example a key Officer being on leave and required materials therefore not being procured – to ensure corrective actions are put in place to prevent recurrence.</p> <p>Responsible officer: Acting Facilities Manager, CSG</p> <p>Target date: 29 June 2018</p> |
| 2. | <p><u>External contractors (Control Design and Operating Effectiveness)</u></p> <p>a) Permit to Work Forms</p> <p>The contractor completes a ‘Permit to Work’ form when they first attend the site. The form is signed by the contractor to ensure that he or she has taken all the safety precautions and read the site rules.</p> <p>We noted that the Permit to Work form does not contain a field for Custodians to log the Hornbill job reference number or PO number. This would ensure there is a full audit trail between the form and incidents being reported on Hornbill or payments being made to contractors.</p> <p>We selected five incidents where a contractor attended the Managed/Maintained Estate to complete the service request. We noted that:</p> <ul style="list-style-type: none"> - For 3/5 (60 %) requests we could not be provided with evidence to confirm the Permit to Work form had been completed for the job. | <p><i>If contractors do not complete a Permit to Work form then the Facilities Management team will not be able to demonstrate that key health and safety requirements have been met before and after completing work.</i></p> <p><i>If management approval is not sought or granted before payments are made then payments may be</i></p> | High | <p>Agreed Action:</p> <p>a) Contractors will not commence work before a Permit to Work Form has been completed and is held on file.</p> <p>Responsible officer: Acting Facilities Manager, CSG</p> <p>Target date: 22 June 2018</p> <p>b) The Permit to Work form will be updated to include a requirement for Custodians to insert the job reference number from Hornbill.</p> <p>Responsible officer: Acting Facilities Manager, CSG</p> |

| Ref | Finding | Risks | Risk category | Agreed action |
|-----|--|--|---------------|--|
| | <p>b) Raising of Purchase Orders and Payment of Invoices relating to external Contractors</p> <p>We were informed that where external contractors attend the site, these are typically done by approved contractors, unless the work is outside the scope of their abilities in which case a new procurement will be undertaken. The Facilities Manager requests that a purchase order is raised for an initial sum of £250 which is subsequently approved by the Head of Building Services, CSG or Head of Estates, CSG. The contractor then attends the site and an invoice is subsequently submitted to CSG Estates.</p> <p>We considered that there was a potential that CSG could commit the Council to expenditure by agreeing to work without an oversight of costs before an invoice is submitted, especially if it exceeds the original amount of the purchase order.</p> <p>During fieldwork, we were informed that if the invoice is under £250 then a member of the Property and Facilities Support Team pay the invoice but for those of £250 or over the Acting Facilities Manager approves the invoice before it is paid by the Property and Facilities Support team. We found that during Q3 of 2017/18, 57 invoices were received relating to Facilities Management with an estimated cost of £15,579. 24 out of the 57 had an estimated amount of less than £250.</p> <p>We found that there were no clear processes in place to ensure that the Facilities Management Team had oversight of payments under £250. Management confirmed to us that approval can take place verbally but this results in a lack of audit trail and therefore we were unable to verify that approval had, been granted.</p> <p>We also found that there was no clear audit trail to reconcile jobs raised on Hornbill with corresponding Purchase Orders and Invoices.</p> <p>We selected five jobs within Hornbill which required a contractor to attend the Managed/Maintained Estate to complete the service request. We noted that:</p> <ul style="list-style-type: none"> - For 3/5 (60 %) service requests we could not effectively match purchase order numbers or invoices to jobs within Hornbill. - For 1/5 (20%) jobs we could find evidence of two invoices which were for the same amount (£124.00) and same job completed date in addition to many similar details within narrative fields. Due to the lack of audit trail between jobs raised on Hornbill and invoices we were unable to conclusively state whether payment had been made twice for the same job. We noted that payment for one of the invoices was approved by the CSG Estates team. | <p><i>made for work not completed, is of an inadequate standard or has already been paid for.</i></p> <p><i>If invoices cannot be easily linked to the job raised then there will not be sufficient audit trail in the event of a query.</i></p> | | <p>Target date: Implemented</p> <p>c) Management will:</p> <ul style="list-style-type: none"> - Ensure there is an effective and full audit trail from Hornbill through to purchase orders, invoices and payments made for incident responses. - Ensure there are sample checks completed on jobs under £250 by the Facilities Management Team to ensure the jobs are completed correctly and have not been paid for previously. - Ensure there is a schedule in place which states named Officers which can request work as well as approve invoices of certain values. - Ensure that there is there is oversight of work costing £250 before an invoice is raised by the contractor. <p>The approach will be documented and held on file.</p> <p>Responsible officer: Acting Facilities Manager, CSG</p> <p>Target date: 22 June 2018</p> |

| Ref | Finding | Risks | Risk category | Agreed action |
|-----|---|--|----------------------|--|
| | <p>- For 4/5 (80%) we could not be supplied with Facilities Management approval that the goods and services had been received before payment was made.</p> <p>We were provided with a list of 9 invoices which had been paid between Oct and Dec of 2017 to RGE, a vetted external contractor frequently used by the Facilities Management Team. Only one invoice was for over £250 (£368.94) but we could not be provided with evidence of Facilities Management approval to pay this invoice, in-line with the expectations described to us.</p> <p>We therefore considered there was an opportunity to review the processes in place regarding the ordering and payment of works to ensure there was controls trails in place to ensure there is effective oversight and monitoring of works orders.</p> | | | <p>d) The Council and CSG Estates will agree a documented approach as described above.</p> <p>Responsible officers: Head of Estates, LBB Director of Estates, CSG Target date: 22 June 2018</p> <p>e) Management will investigate whether a duplicate payment was made for £124 and if so pursue reimbursement from the supplier.</p> <p>Responsible officer: Acting Facilities Manager, CSG Target date: 22 June 2018</p> <p>f) The Council and CSG will consider whether this recommendation is applicable to other budgets within CSG Estates.</p> <p>Responsible officers: Head of Estates, LBB Director of Estates, CSG Target date: 22 June 2018</p> |
| 3. | <p><u>Budget Monitoring (Control Design and Operating Effectiveness)</u></p> <p>a) Roles and Responsibilities</p> | <p><i>If budgets are not monitored regularly then inappropriate spend may not be</i></p> | <p>Medium</p> | <p>Agreed actions:</p> <p>a) Management will produce a protocol which clearly outlines the</p> |

| Ref | Finding | Risks | Risk category | Agreed action |
|-----|--|--|---------------|---|
| | <p>During the Audit, we found there was a lack of clarity regarding:</p> <ul style="list-style-type: none"> - The names of Budget Holders and Budget Managers for Facilities Management budgets <ul style="list-style-type: none"> o At different times of the audit we were informed that the Budget Holder was the Head of Estates (LBB) or the Interim Acting Head of Facilities Management (CSG) and the Budget Manager was Director of Estates (CSG) or the Operations Manager (CSG). - The use of the Integra BDM module <ul style="list-style-type: none"> o There was a lack of clarity regarding the whether the BDM module was used to support monthly budget monitoring. - Monthly Budget Monitoring processes: <ul style="list-style-type: none"> o During the audit, we were informed that the meetings between CSG Operations and the Client Lead for Estates happen monthly, and also given conflicting information that there is no need for monthly meetings as the actuals do not differ from the forecasts. - Involvement of the Acting Facilities Manager <ul style="list-style-type: none"> o We found there was a lack of clarity regarding the expected involvement of the Acting Faculties Manager in the Budget Monitoring Process. <p>We also noted there was a lack of clarity regarding roles and responsibilities in approving invoices prior to payment.</p> <p>b) Monthly Budget Monitoring Cycle</p> <p>The usual budget monitoring process at the Council involves the monthly submission, review and approval of budget forecasts within the Integra BDM module; however, we were informed that budget monitoring lies outside Integra BDM for the Estates managed budgets.</p> <p>We were informed that the forecast for 2017/18 was approved in August 2017 but since there is a monthly forecast monitoring cycle which involves the following process:</p> <ul style="list-style-type: none"> - CSG Operations send the Client Lead for Estates a spreadsheet containing the actuals and forecasts for financial year to date. | <p><i>identified and appropriate action to address over or under-spends cannot be taken in a timely manner.</i></p> <p><i>If budgetary savings are not identified and subsequently achieved then the service may incur unnecessary expenditure and face budgetary pressure</i></p> | | <p>Budget Monitoring process and expectations. This will include:</p> <ul style="list-style-type: none"> - Names/Job titles of the Budget Holder and Budget Manager; - Roles and responsibilities in the Budget Monitoring process of all involved parties, including the frequency tasks will take place; and - How savings will be routinely captured outside the forecast setting process and how actions will be tracked so that savings are realised. <p>Responsible officers: Head of Estates, LBB Director of Estates, CSG</p> <p>Target date: 22 June 2018</p> <p>b) Management will ensure that the budget monitoring cycle takes place monthly and evidence of all meetings and actions are kept on file.</p> <p>Responsible officer: Director of Estates, CSG</p> <p>Target date: 22 June 2018</p> <p>c) The Council and CSG will consider whether this</p> |

| Ref | Finding | Risks | Risk category | Agreed action | | | | | | | | |
|------------------------|---|--------------------|-----------------------------------|--------------------|-----------------------------------|------------------------|------------|------------|------------|--|--|--|
| | <ul style="list-style-type: none"> - The CSG Operations Manager and the Client Lead for Estates meet to discuss the spreadsheet and its contents. Any discrepancies between forecast and actual are discussed along with the identification of savings. There is an expectation that the Head of Estates and Head of Building Services will attend the meeting quarterly; and - Actions arising from the meeting are compiled and circulated to the attendees. <p>We selected three months from the financial year of 2017/18 and found that:</p> <ul style="list-style-type: none"> - For 1/3 (33%) months we could not find evidence of the budget monitoring cycle happening as discussed. <p>c) Savings</p> <p>We asked management to confirm the arrangements in place regarding the identification and delivery of savings. We were informed that savings are identified when forecasts are agreed with LBB at the start of the year, with any further possible savings incorporated into the forecast which is then monitored throughout the year via the Budget Management Cycle. Whilst we considered this as reasonable at a high level, we also considered improvements could be made to monitor specific savings against specific different aspects of the budget throughout the year and set and follow up on actions to ensure their delivery.</p> <p>d) Other CSG Budgets</p> <p>We were informed that the budget monitoring cycle for all of CSG Estates follows a similar approach as described for the Facilities Managed Budget. We noted that there was a forecast overspend in the Managed/Maintained buildings of £1.99m and considered that Management should consider whether this finding recommendation is applicable to other budgets within CSG Estates.</p> <table border="1" data-bbox="181 1267 1243 1423"> <thead> <tr> <th></th> <th>2017/2018 Budget</th> <th>2017/2018 Forecast</th> <th>Variance (Budget versus Forecast)</th> </tr> </thead> <tbody> <tr> <td>Managed Budgets</td> <td>£3,870,339</td> <td>£4,491,552</td> <td>- £621,213</td> </tr> </tbody> </table> | | 2017/2018 Budget | 2017/2018 Forecast | Variance (Budget versus Forecast) | Managed Budgets | £3,870,339 | £4,491,552 | - £621,213 | | | <p>recommendation is applicable to other budgets within CSG Estates.</p> <p>Responsible officers: Head of Estates, LBB Director of Estates, CSG</p> <p>Target date: 22 June 2018</p> |
| | 2017/2018 Budget | 2017/2018 Forecast | Variance (Budget versus Forecast) | | | | | | | | | |
| Managed Budgets | £3,870,339 | £4,491,552 | - £621,213 | | | | | | | | | |

| Ref | Finding | | | | Risks | Risk category | Agreed action |
|-----|--|------------|------------|--------------|--|---------------|---|
| | Additional Security | £500,000 | £377,991 | £122,009 | | | |
| | Rents (Not Managed Budget) | 0 | £1,436,953 | - £1,436,953 | | | |
| | General Misc. | 0 | £55,456 | - £55,456 | | | |
| | Managed/Maintained Buildings | £4,370,339 | £6,361,953 | - £1,991,613 | | | |
| | See Appendix 3 for a detailed breakdown of our findings. | | | | | | |
| 4 | <p><u>Policies and Procedure Documents (Operating Effectiveness)</u></p> <p>a) Policies in place (Operating Effectiveness)</p> <p>Schedule 1 of the CSG contract (the Output Specification) contains the services to be delivered by the Facilities Management Team. We selected seven service areas and asked to inspect policy and procedure documents for these areas. We also inspected the documents referred to within these policies.</p> <p>We found that there were significant errors within some of the documents, for example:</p> <ul style="list-style-type: none"> - The Facilities Management Welcome Starter Pack for New Employees for North London Business Park showed the fire evacuation point as Barnet House; - There was no Facilities Management Welcome Stater Pack for Oakleigh Road Depot; - Fire and Bomb Evacuation Procedures only covered North London Business Park and Barnet House; and - Dynamic Lockdown Procedures only covered Barnet House and Hendon Town Hall. <p>We also noted other issues:</p> <ul style="list-style-type: none"> - We found instances of reference to policies which were: | | | | <p><i>If policies and procedures are not available or not communicated to relevant staff then there is a risk that activity may be undertaken inappropriately or inconsistently resulting in required outcomes not being achieved.</i></p> <p><i>If policies and procedures do not refer officers to the appropriate role/team where applicable then decisions or responsibilities may</i></p> | Medium | <p>Agreed Action:</p> <p>(a) Management will undertake a review of the policies and procedures and ensure that, where relevant, documents:</p> <ul style="list-style-type: none"> - Cover the whole of the Managed/Maintained Estate; - Clearly contain an issue date and a date at which they will be reviewed; and - Are in-date and not past review dates. <p>Responsible officer:</p> <p>Acting Facilities Manager, CSG.</p> <p>For CCTV Policy: Community Safety Manager, LBB</p> <p>Information Management Officer, LBB</p> <p>Target date:</p> |

| Ref | Finding | Risks | Risk category | Agreed action |
|-----|--|---|---------------|---|
| | <ul style="list-style-type: none"> ○ Not available on BarnetWork, the staff intranet (for example the General Site Security Access Procedure); and ○ Superseded by other policies (for example the Physical Security Policy referred to the Violent or Threatening Procedures document but we were informed this has been superseded by the Violence at Work policy) <p>- Facilities Management procedure documents which were held on BarnetWork were held in a variety of locations and were not on one central page. Having all documents located in one place would assist staff in being able to swiftly locate and refer to them when needed; and</p> <p>- When verifying that procedure documents were still in place we found that some policies:</p> <ul style="list-style-type: none"> ○ Had not been reviewed in-line with their review date (for example the CCTV policy had not been reviewed since May 2016 and had been due for review in May 2017); ○ Had not been updated for a considerable period of time (for example the Violence at Work policy was dated January 2009 and it was not clear when the document was scheduled for review); and ○ Did not contain either an issue or review date (for example the Facilities Management Custodian Starter Pack for Barnet House). <p>See Appendix 3 for a detailed breakdown of our findings.</p> | <p><i>be discharged by personnel without the prerequisite knowledge or experience resulting in required outcomes not being achieved</i></p> | | <p>30 September 2018</p> <p>(b) The Council's Communications Team and CSG Estates will work together on agreeing an approach to ensure that all documents are available on Barnet Works and are held within a central location.</p> <p>Responsible officers:</p> <p>Internal Communications & Engagement Manager, LBB Acting Facilities Manager, CSG.</p> <p>Target date: 30 September 2018</p> |
| 5 | <p><u>Notifying customers when incidents are placed on 'hold' (Control Design)</u></p> <p>Management confirmed that the Hornbill system has the necessary functionality to contact Requestors when there is a change to their request, for example, when a job is placed on hold, but this is not routinely used by Facilities Management staff.</p> <p>See Appendix 3 for a detailed breakdown of our findings.</p> | <p><i>If Customers are not made aware that jobs are put on 'hold' then duplicate jobs may be raised or there may be dissatisfaction with the Facilities Management Team</i></p> | Low | <p>Agreed Action: Management will review the mechanisms in place to ensure that all Customers are made aware when their requests have been paused or delayed.</p> <p>Responsible officer: Acting Facilities Manager, CSG.</p> <p>Target date: Implemented</p> |

| Ref | Finding | Risks | Risk category | Agreed action |
|-----|---|--|-------------------|--|
| 6 | <p><u>Expenses (Control Design)</u></p> <p>CSG Management informed us that expenses for Facilities Management Staff (e.g. mileage) are reclaimed from Capita and are not reclaimed from the Council through any other mechanism. However, CSG Management informed us that expenses relating to the procurement of materials are loaded into Concur (the system used to approve expenses by CSG Estates), approved by a senior manager in CSG and subsequently reclaimed through a monthly report to the Head of Estates, LBB.</p> <p>Facilities management confirmed that only two expenses were reclaimed within the six months to January 2018 with a total sum of £104.03.</p> <p>See Appendix 3 for a detailed breakdown of our findings.</p> | <p><i>If Council evidence of approval for expenses is not kept on file then it may not be able to demonstrate that the reimbursed monies were validly spent on Facilities Management materials.</i></p> | <p>Low</p> | <p>Agreed Action: Submissions to the Council will include a line documenting expenses that have been incurred.</p> <p>Responsible officer: Finance Manager, CSG</p> <p>Target date: Implemented</p> |

Appendix 1: Definition of risk categories and assurance levels in the Executive Summary

| Risk rating | |
|---|--|
| Critical  | <p>Immediate and significant action required. A finding that could cause:</p> <ul style="list-style-type: none"> Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance (eg mass strike actions); or Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny (i.e. front-page headlines, TV). Possible criminal or high profile civil action against the Council, members or officers; or Cessation of core activities, strategies not consistent with government's agenda, trends show service is degraded. Failure of major projects, elected Members & Senior Directors are required to intervene; or Major financial loss, significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council. Critical breach in laws and regulations that could result in material fines or consequences. |
| High  | <p>Action required promptly and to commence as soon as practicable where significant changes are necessary. A finding that could cause:</p> <ul style="list-style-type: none"> Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff; or Significant impact on the reputation or brand of the organisation. Scrutiny required by external agencies, inspectorates, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion; or Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome medium-term difficulties; or High financial loss, significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences. |
| Medium  | <p>A finding that could cause:</p> <ul style="list-style-type: none"> Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff; or Moderate impact on the reputation or brand of the organisation. Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage; or Significant short-term disruption of non-core activities. Standing orders occasionally not complied with, or services do not fully meet needs. Service action will be required; or Medium financial loss, small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences. |
| Low  | <p>A finding that could cause:</p> <ul style="list-style-type: none"> Minor injuries or stress with no workdays lost or minimal medical treatment, no impact on staff morale; or Minor impact on the reputation of the organisation; or Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule; or Handled within normal day to day routines; or Minimal financial loss, minimal effect on project budget/cost. |
| Level of assurance | |
| Substantial  | <p>There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.</p> |
| Reasonable  | <p>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.</p> |
| Limited  | <p>There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.</p> |
| No  | <p>There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.</p> |

Appendix 2 – Analysis of findings

| Area | Critical | | High | | Medium | | Low | | Total |
|--------------------------------|----------|----|----------|----|----------|----|----------|----|----------|
| | D | OE | D | OE | D | OE | D | OE | |
| Resolving Facilities Incidents | - | - | 1 | | - | - | 1 | - | 2 |
| Budgets | - | - | 1 | | 1 | | 1 | - | 2 |
| Policies and procedures | - | - | - | - | - | 1 | - | - | 2 |
| Total | - | - | 2 | | 2 | | 2 | - | 6 |

**Includes two findings relating to control design and operating effectiveness*

Key:

- Control Design Issue (D) – There is no control in place or the design of the control in place is not sufficient to mitigate the potential risks in this area.
- Operating Effectiveness Issue (OE) – Control design is adequate; however, the control is not operating as intended resulting in potential risks arising in this area.

| Timetable | | | | | |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------|
| Terms of reference agreed: | Fieldwork commenced: | Fieldwork completed: | Draft report issued: | Management comments received: | Final report issued: |
| 29 November 2017 | 29 November 2017 | 19 March 2018 | 23 March 2018 | 13 June 2018 | 25 June 2018 |

Appendix 3 – Identified controls

| Area | Objective | Risks | Identified Controls |
|--|---|--|---|
| <p>Resolving Facilities Incidents</p> | <p>All incidents logged in relation to Facilities Management (FM) building services are carried out in an efficient and timely manner and in accordance with agreed timescales.</p> <p>The FM Support Works software used to log and monitor facilities management incidents supports incident resolution and the reporting of KPI CSG/C25.</p> | <p><i>If Facilities Management incidents are not identified captured and resolved then the conditions of the buildings may deteriorate and the health and safety of the buildings and their occupants may be compromised. There may also be dissatisfaction with the FM service.</i></p> | <p><u>KPI CSG C25 (Incident Resolution)</u></p> <p>The Facilities Management Team report on incident resolution through KPI CSG 25 (Incident Resolution). The KPI is reported as a percentage of jobs completed within the appropriate reporting category (e.g. Emergency 30 mins, Urgent 4 hours, etc) divided by the total number of jobs received in each category. In October of 2017/18 an outturn of 100% was reported against this KPI.</p> <p><u>Control Design Issue</u></p> <ul style="list-style-type: none"> - We found there was no documented guidance or agreement to define expectations regarding the reporting categories as per the KPI definition sheet. At the time of fieldwork 119 jobs had been reported and all had been given a 'P4' rating which required a 48-hour closure medium. - We were informed that jobs were placed 'on hold' but found there was no consistent explanation regarding what constituted a reasonable 'pause' reason and length, with officers able to pause jobs for an indeterminate length of time. <p>See Finding 1.</p> <hr/> <p>Hornbill System</p> <p>Staff report facilities incidents via the Hornbill system which became operational in October 2017. The system is accessed through BarnetWork, the LBB intranet, and allows staff to raise facilities management requests as well as report issues for rectification.</p> <p>A document - Barnet Estates Self-Service User Guide - has been produced to assist staff in logging requests using the Hornbill system.</p> <p>Members of the Facilities Management Team review the request to ensure it has been correctly been completed by the customer. Where necessary they the Team can reprioritise the priority number. Each priority number has a specified time limit, under which the job should be completed to meet the KPI obligation (for example, P4 has an expected resolution time of 48 hours)</p> |

Facilities Management attend the site and consider whether the job can be completed themselves or require an external contractor to be used. The Facilities Management Team with the necessary permissions within Hornbill can place tasks on 'pause' where the incident will be delayed to due factors considered outside the control of the Team (for example, a contractor is required or the Team await the delivery of parts). Only staff with the necessary permissions can pause jobs but they can be paused for any length of time.

Where a job is placed on hold the Facilities Team can put in a narrative within the system for the requestor to view when they log into Hornbill. Alternatively, an email can be sent to the requestor via Hornbill.

Once jobs are resolved, they are closed within Hornbill by the Facilities Management Team

Control Design Issue

- Managements confirmed that the Hornbill system has the necessary functionality to ensure that Requestors are contacted when pause has been put on an incident; however, at the time of fieldwork we could not find evidence of Facilities Management contacting requestors when jobs were placed on hold; and.
- We found there was no consistent explanation regarding what constitutes a reasonable 'pause' reason and length.

Operating Effectiveness Issues

We selected 11 jobs within Hornbill from September and October and noted the following issues:

- 1/11 (9 %) incident was reported as closed but had not been resolved. The incident related to an access card not working. Management confirmed that this job required the input of the Landlord and is therefore outside the control of Facilities Management and was closed on Hornbill. We considered that the incident should have been placed on hold until it was able to be sufficiently rectified. Management confirmed the issue has been escalated with Comer but there is no agreed protocol in place for agreeing resolutions with the landlord. The issue was raised on 29/11/2017 but had not been rectified at the end of January 2018)
- 1/11 (9 %) related to a potential health and safety issue regarding a chair. Although this job was resolved in 0.6 hours, it had not been escalated to a higher priority and was classed as a 'Priority 4' incident which required 48-hour turnaround time.
- 1/11 (9 %) related to a request which required the procurement of materials and required two people to be present at the site. We found that the job was placed on hold for 19 days. Management confirmed that some

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of this delay was due to a key member of staff being on annual leave which delayed the acquisition of parts and two officers not being available to complete the job.

Note: The Hornbill system went 'live' in October 2017 and, at the time of our fieldwork, had only been implemented for under two months. We have therefore been able to verify how embedded the system is in the long-term.

See Findings 1 and 5.

External contractors – authorisation of payments

Where an external contractor needs to attend the site, these are typically done by approved contractors. The Facilities Manager requests that a purchase order is raised for an initial sum of £250 which is later approved by the Head of Building Services or Head of Estates,

The contractor completes a 'Permit to Work' form when they attend the site. The form is signed by the contractor to ensure that he has taken all the safety precautions and read the site rules.

The contractor raises an invoice. If the invoice is under £250 then a member of the Property and Facilities Support pay the invoice. For involves of £250 or over the Acting Facilities Manager approves the invoice before it is paid on Integra.

Control Design Issue

- We considered that there was no routine oversight of payments under £250 by the Facilities Management Team after the invoice had been raised.
- We found that there was no clear audit trail to reconcile jobs raised on Hornbill with corresponding Purchase Orders and Invoices.

Operating Effectiveness Issue

We selected five jobs within Hornbill which required a contractor or attend the Managed/Maintained Estate to complete the service request. We noted that:

- For 3/5 (60 %) service requests we could not effectively match purchase orders numbers or invoices to jobs within Hornbill;
- For 1/5 (20 %) jobs we could find evidence of two invoices which were for the same amount and same job completed date in addition to many similar details within narrative fields. Due to the lack of audit trail between

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| <p>jobs raised on Hornbill and invoices we were unable to conclusively state whether payment had been made twice for the same job; and</p> <ul style="list-style-type: none"> - For 4/5 (80%) we could not be supplied with evidence of Facilities Management approval to pay the invoice. <p>We were provided with a list of 9 invoices which had been paid between Oct and Dec of 2017 to RGE, an external contractor frequently used by the FM team. Only one job was over £250. We could not be provided with Facilities Management approval to pay this invoice, in-line with expectations described to us.</p> <p>See Finding 2.</p> |
| <p>External contractors - Permit to Work Form</p> <p>The contractor completes a 'Permit to Work' form when they attend the site. The form is signed by the contractor to ensure that he has taken all the safety precautions and read the site rules.</p> <p><u>Control Design Issue</u></p> <ul style="list-style-type: none"> - We found that there was no clear audit trail to reconcile jobs raised on Hornbill with Permit to Work forms. <p><u>Operating Effectiveness Issue</u></p> <p>We selected five in which a contractor attended the Managed/Maintained Estate to complete the served request. We noted that:</p> <ul style="list-style-type: none"> - For 3/5 (60 %) requests we were provided with Permit to Work forms but the date written on the form did not reconcile with the date the job was closed on Hornbill. We considered this could be due to us not being supplied the correct Permit to Work form or the job had been closed on Hornbill before the work had been completed. <p>See Finding 2.</p> |

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| <p>Budgets</p> | <p>Effective budget monitoring is in place to identify under and over-spends.</p> <p>Management identify budgetary savings and take subsequent action to ensure they are realised.</p> | <p><i>If the budgets are not monitored regularly then inappropriate spend may not be identified and appropriate action to address over or under-spends cannot be taken in a timely manner.</i></p> <p><i>If budgetary savings are not identified and subsequently achieved then the service may incur unnecessary expenditure and face budgetary pressure</i></p> | <p>Budget Monitoring Cycle</p> <p>Management confirmed that there is a monthly budget monitoring cycle in place.</p> <ul style="list-style-type: none"> - CSG send the Client Lead for CSG Estates a spreadsheet containing the actuals and budgets for financial year to date. - The CSG Operational Manager and the Client Lead for CSG Estates (meet to discuss the spreadsheet and its contents. Any discrepancies between budget and actual are discussed along with any identification for potential savings. There is an expectation that the Head of Estates, LBB, and Head of Building Services, CSG, attend the meeting quarterly. - The CSG Operations Manager and/or Client Lead for CSG Estates compiles a list of actions resulting from the meeting and circulates these to attendees - Monthly Estates Service Performance Reports contains a section on managed budgets which documents a breakdown of budget, forecasts and any variance for the financial year to date. <p><u>Control Design Issue</u></p> <ul style="list-style-type: none"> - We found there was a lack of clarity regarding the formal identification of Budget Holders and Budget Managers for Facilities Management. At different times of the audit we were informed that the Budget Holder was the Head of Estates (LBB) or the Interim Acting Head of Facilities Management (CSG) and the Budget Manager was Director of Estates (CSG) or the Operation Manager (CSG). <p><u>Operating Effectiveness Issue</u></p> <p>We selected three months within 2017/18 (September, November and January of financial year 2017/18) and asked to see evidence to ensure that that monthly budget monitoring was happening in line with our expectations.</p> <ul style="list-style-type: none"> - For 1/3 (33 %) months we could not be supplied with evidence of budgets versus actuals being collated and forwarded to the budget holders; - For 1/3 (33 %) months we could not find evidence of CSG meeting with the Client Lead for CSG Estates meeting with the CSG Operations Manager; and - For 1/3 (33 %) months we could not be supplied with evidence of any actions being raised as a result of the meeting. <p>See Finding 3.</p> |
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|---------------------------------------|--|---|--|
| | | <p><i>If expense reimbursements are made inappropriately then budget overspends may occur and impact on service provision</i></p> | <p>Expenses</p> <p>We were informed that expenses from Facilities Management Staff (e.g. mileage) are reclaimed from Capita and the Acting Facilities Manager confirmed that these are not reclaimed from the Council through any mechanism.</p> <p>Expenses relating to procurement of materials are reclaimed by loading into Concur (the system used to approve expenses by CSG Estates). There is then approval a senior manager in CSG and the monies subsequently reclaimed through an end of year to report to the Client Lead of CSG Estates and included as an end of year 'true up' (payment to CSG).</p> <p>Facilities management confirmed that only two expenses were reclaimed from Facilities Management budgets within the six months to January 2018 with a total sum of £104.03</p> <p><u>Control Design Weakness</u></p> <ul style="list-style-type: none"> - Management confirmed that the expenses were included in figures which were presented to the Head of Building Services but the level of detail in the report did not allow for the clear identification of the £104.03. <p>See Finding 6.</p> |
| <p>Policies and procedures</p> | <p>Policies and procedures are in place, are up to date and support officers undertaking work consistently and correctly.</p> <p>Policies and procedures are accessible to officers and communicated</p> | <p><i>If policies and procedures are not in place or are unclear then there is a risk that activity may be undertaken inappropriately or inconsistently resulting in required outcomes not being achieved and the objectives of the</i></p> | <p>Schedule 1 (Output Specification)) of the CSG contract contains a set of Facilities Management services which are to be provided by the Service Provider (CSG).</p> <p>Policies and procedures are formulated by the Facilities Management Team and approved. Where applicable they are uploaded onto BarnetWork, the Employee Portal, for Staff to access and refer to when necessary.</p> <p>For policies which do not require all Barnet staff to have access to as the intended audience is Barnet staff, policies and process documents are accessible through the Facilities Management shared drive or circulated by email to the Facilities Management Team.</p> <p>Policies and process documents are updated when required, (e.g. the documents require an annual review or when new systems and/or processes become operational).</p> <p><u>Operating Effectiveness Issues</u></p> <p>We chose seven areas from the output specification and asked to see evidence of the policies and procedures in place to support delivery of the Customer Support Group contract.</p> |

| | <p>effectively to officers including new starters and agency staff</p> <p>Policies and procedures detail the responsibilities of key personnel in operations</p> | <p><i>Council may not be realised.</i></p> <p><i>If policies and procedures are not available or not communicated to relevant staff then there is a risk that activity may be undertaken inappropriately or inconsistently resulting in required outcomes not being achieved.</i></p> <p><i>If policies and procedures do not refer officers to the appropriate role/team where applicable then decisions or responsibilities may be discharged by personnel without the prerequisite knowledge or experience resulting in required</i></p> | <p>We found that where polices and procedure document were available on the intranet but found them located in three different locations on the intranet and considered they should be kept on one page to ensure that staff can easily access all the required documents.</p> <p>We also noted the following issues within the table below.</p> <table border="1" data-bbox="786 355 2107 1423"> <thead> <tr> <th data-bbox="786 355 976 419">Area</th> <th data-bbox="976 355 2107 419">Detailed Findings</th> </tr> </thead> <tbody> <tr> <td data-bbox="786 419 976 1423"> <p>Security Services - Static</p> </td> <td data-bbox="976 419 2107 1423"> <p>We were informed that this area was detailed in the following policies:</p> <ul style="list-style-type: none"> - Physical Security Policy. The policy contains a list of 12 further polices within the appendix. We noted the following issues: <ul style="list-style-type: none"> o 3/12 (25%) policies did not cover the whole of the Managed/Maintained estate <ul style="list-style-type: none"> ▪ General Site Security Access Procedures only covered procedures for North London Business Park (NLBP) and Barnet House (BH); ▪ Dynamic Lockdown Procedures only covered BH and Hendon Town Hall (HTH); and ▪ Fire and Bomb Evacuation Procedures only covered NLBP and BH. o 4/12 (33%) policies were past their review date or issued a substantial time ago <ul style="list-style-type: none"> ▪ The Violence at Work policy was dated January 2009. We considered the policy should be reviewed and up-issued due to the length of time which has passed; ▪ The General Site Security Access Procedure was last updated in 2013. We considered the policy should be reviewed and up-issued due to the length of time which has passed; ▪ The CCTV policy which is issued by the Information Management Team was due for review in May 2017 but had not been updated; and ▪ The Dynamic Lockdown Procedures did not have any date of issue. o 2/12 (17%) policies could not be found on BarnetWork, the Council's intranet pages. These documents were: <ul style="list-style-type: none"> ▪ The General Site Security Access Procedure; and ▪ The Starter, Movers and Leavers Procedure o 1/12 (8%) policies referred to the incorrect name of a document: </td> </tr> </tbody> </table> | Area | Detailed Findings | <p>Security Services - Static</p> | <p>We were informed that this area was detailed in the following policies:</p> <ul style="list-style-type: none"> - Physical Security Policy. The policy contains a list of 12 further polices within the appendix. We noted the following issues: <ul style="list-style-type: none"> o 3/12 (25%) policies did not cover the whole of the Managed/Maintained estate <ul style="list-style-type: none"> ▪ General Site Security Access Procedures only covered procedures for North London Business Park (NLBP) and Barnet House (BH); ▪ Dynamic Lockdown Procedures only covered BH and Hendon Town Hall (HTH); and ▪ Fire and Bomb Evacuation Procedures only covered NLBP and BH. o 4/12 (33%) policies were past their review date or issued a substantial time ago <ul style="list-style-type: none"> ▪ The Violence at Work policy was dated January 2009. We considered the policy should be reviewed and up-issued due to the length of time which has passed; ▪ The General Site Security Access Procedure was last updated in 2013. We considered the policy should be reviewed and up-issued due to the length of time which has passed; ▪ The CCTV policy which is issued by the Information Management Team was due for review in May 2017 but had not been updated; and ▪ The Dynamic Lockdown Procedures did not have any date of issue. o 2/12 (17%) policies could not be found on BarnetWork, the Council's intranet pages. These documents were: <ul style="list-style-type: none"> ▪ The General Site Security Access Procedure; and ▪ The Starter, Movers and Leavers Procedure o 1/12 (8%) policies referred to the incorrect name of a document: |
|--|--|---|---|------|-------------------|--|--|
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| | | <p><i>outcomes not being achieved.</i></p> | | <ul style="list-style-type: none"> ▪ The Violent or Threatening Persons Procedure had since been superseded by the Violence at Work Policy. <ul style="list-style-type: none"> - Facilities Management Custodian Starter Pack. We noted the following issues: <ul style="list-style-type: none"> ○ The pack is only designed for custodians operating in BH and does not incorporate details about the other Managed/Maintained estate sites. Management confirmed that the Starter Pack was recently formulated for BH but would now be adapted for the other Managed/Maintained estate sites; and ○ The pack does not have an issue date confirming when it is due for review. - General Site Security Policy. We noted the following issues: <ul style="list-style-type: none"> ○ The policy only referred to NLBP and BH; ○ The document was last updated in 2013. We considered the policy should be reviewed and up-issued due to the length of time which has passed; and ○ The policy was not available on BarnetWork, the London Borough of Barnet staff intranet. |
| | | | <p>Fire Management</p> | <p>We were informed that this area was detailed in the following policies:</p> <ul style="list-style-type: none"> - Facilities Management Welcome Pack for New Employees. There is a pack for NLBP, BH, HTH, Mill Hill (MH) but not Oakleigh Depot (OD). We noted the following issues: <ul style="list-style-type: none"> ○ The pack for NLBP needs a refresh as it currently shows the evacuation point as BH; and ○ There is no welcome back for Oakleigh Depot (OD) - Facilities Management Custodian Starter Pack. The pack contains a list of fire wardens, weekly fire alarm test procedures and fire evacuation policies as well as custodian responsibility in the event of a fire. We noted the following issues: <ul style="list-style-type: none"> ○ The pack is only designed for custodians operating in BH and does not incorporate details about the other Managed/Maintained estate sites. Management confirmed that the Starter Pack was recently formulated for BH but would now be adapted for the other Managed/Maintained estate sites; ○ The pack does not have an issue date or date to confirm when it will be due for review; and |

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| | | | | <ul style="list-style-type: none"> ○ The pack contained references to the previous system used to report Facilities Management incidents, not Hornbill |
| | | | Reactive repairs and maintenance | <p>We were informed that this area was detailed in the following policies:</p> <ul style="list-style-type: none"> - The Term Maintenance Contract 2014-2017. The document defines actions to be taken by all reactive repairs contractors. We noted the following issue: <ul style="list-style-type: none"> ○ The policy is dated 2014 – 2017 and could be considered as out of date during our fieldwork in early-2018. Management confirmed that the policy was current but there will be a retendering of contractors in 2018 at which point the policy will be updated to reflect any changes resulting. - Facilities Management Custodian Starter Pack. The pack documents actions to be taken by Custodians when there a reactive repair or maintenance is required. We noted the following issues: <ul style="list-style-type: none"> ○ The pack is only designed for custodians operating in BH and does not incorporate details about the other Managed/Maintained estate sites. Management confirmed that the Starter Pack was recently formulated for BH but would now be adapted for the other Managed/Maintained estate sites; and ○ The pack does not have an issue date confirming when it is due for review. |
| | | | Recyclable Waste | <p>We were informed that this area was detailed in the following policies:</p> <ul style="list-style-type: none"> - Facilities Management Custodian Starter Pack. We noted the following issues: <ul style="list-style-type: none"> ○ The pack is only designed for custodians operating in BH and therefore only contains collection points for BH, not other Managed/Maintained estate buildings ○ The pack does not have an issue date confirming when it is due for review. - Facilities Management Welcome Pack for New Employees. We noted the following issued: <ul style="list-style-type: none"> ○ The document refers to the old incident resolution website, not the Hornbill system which became operational in October 2017. |

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| | | | | <ul style="list-style-type: none"> - Poster campaign and First Team updates. We found evidence of a poster campaign which was distributed to staff as well as First Team weekly email updates which documented actions to be taken by Employees regarding recycling. |
| | | | Car Parking | <p>We were informed that there was only a requirement for parking policies at NLBP and BH and were supplied with parking policies for both sites. We noted the following issues:</p> <ul style="list-style-type: none"> - We considered the Facilities Management Welcome Pack for New Employees should be updated to included reference to the relevant parking policies. |
| | | | Goods in | <p>Management confirmed the Goods Facility is no longer operational within NLBP and all other sites within the Managed/Maintained estate do not require one.</p> <p>For NLBP goods are delivered to Reception and a sign-ion sheet documents delivery and collection of packages. As such management confirmed a formal policy was not required. We considered this reasonable.</p> |
| | | | Statutory testing and inspection | <p>Facilities Management staff confirmed that the only areas of statutory testing and inspection they are responsible for Portable Application Testing and communication with the Landlord, Comer Homers to ensure jobs are completed. This is outlines in the Output Specification under PS016 and BS002 and, therefore, an additional policy was not required.</p> <p>We accepted this as being reasonable</p> |
| See Finding 4. | | | | |

Appendix 4 – Internal Audit roles and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of *Facilities Management* subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.