

Internal Audit Report

Health and Safety - Estates

February 2017

To: Acting Chief Operating Officer
Director of Resources
Head of Estates
Head of Safety, Health and Wellbeing
Partnership Director, CSG
Operations Director, CSG
Director of Estates, CSG
CSG Estates, Head of Building services
LBB Client lead for CSG Estates

From: Head of Internal Audit

We would like to thank management and staff of the Estates team 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
	-	1	4	2	-
Scope					
<p>The objective of this review was to assess the design and test the operating effectiveness of the key controls to support Health and Safety procedures for the estate owned or maintained by the London Borough of Barnet (the “Council”). In particular it looked at the controls in place to help ensure the following objectives are met:</p> <ul style="list-style-type: none"> • <u>Inspections</u>: Health and safety inspections and risk assessments are carried out in line with legal and regulatory standards. Documentation of inspections is retained to demonstrate the performance of inspections to the required standard; and inspections are performed by appropriately experienced and qualified individuals. • <u>Remedial work</u>: Risks identified through inspections are addressed within an appropriate timeframe. • <u>Governance</u>: There is sufficient management oversight of health and safety activities to ensure compliance with responsibilities. <p>The review has considered the risks outlined in the terms of reference and detailed in Appendix 4 and considered the period from 1 April 2016 to 31 October 2016.</p> <p><u>Limitations of Scope</u></p> <p>This audit has only covered the areas of scope outlined above on a risk based approach. Specifically we have not assessed the completeness of health and safety inspections across the estate portfolio, as there are known issues around the completeness of inspections and the contractor, Customer and Support Group (CSG), is currently taking action to resolve this issue. As part of this review we have considered the inspections that CSG have reported that they have undertaken to date to ensure that evidence has been retained to demonstrate the performance of all relevant checks and that issues identified as part of these processes have been managed appropriately.</p>					
Summary of findings					
<p>Progress has been made in the year to clarify and confirm roles and responsibilities with regards to Estates health and safety functions. An agreement through change controls known as SPIR’s 1 and 2 has been reached with CSG for operational responsibility for health and safety procedures to cover part of the non-Civic estate (c140 properties) as well as the Civic estate. A third SPIR to cover all the properties in the remaining estate has yet to be finalised and approved. The Civic estate comprises of 6 buildings used as offices by Council employees, including the North London Business Park, Barnet House and Mill Hill Depot, whilst the non-civic estate comprises of other buildings owned/managed by the Council such as schools, libraries and community centres and consists of c800 properties. A programme has been developed to ensure the compliance status of the full estate is systematically assessed and understood. This service programme work plan will also be used as an ongoing framework to ensure the frequency of health and safety risk assessments and inspections is understood by staff and can be clearly followed to support long term compliance. A central tracker system, called Info Exchange, is used to store evidence of all relevant health and safety procedures performed and to support the programming of health and safety activity. This will also support the service to achieve ‘total’ compliance going forward.</p> <p>Although examples of good practice have been noted a number of areas for further improvement have been identified through the review, mainly in relation to remedial work and governance. There are currently limited mechanisms in place to ensure that remedial work is undertaken within an appropriate timeframe and that it is performed by third party contractors to an adequate standard. In addition, although there is a performance reporting framework in place, with reports on estates compliance overseen by the council’s Assets and Capital Board, the quality of the reporting requires improvement to ensure that effective oversight is being</p>					

consistently maintained. This is important in ensuring that the Council can demonstrate it has fulfilled its responsibilities with regards to adequately managing its health and safety risks as duty holder for the corporate estate (both the civic and non-civic estates).

This audit has identified 1 high, 3 medium and 3 low risk findings:

- **Performance reporting (Finding 1, High)**

The operational responsibility for performing these health and safety related activities has been outsourced to CSG as part of the broader agreement the Council has with Capita. The Council, as duty holder, is still ultimately responsible for health and safety risks associated with the corporate estate and therefore needs to retain oversight of the operational performance of CSG and compliance across the estate.

Although a report on the compliance status of the civic and the non-civic estates is generated for the monthly Assets and Capital Board (ACB) meetings, chaired and attended by Council management, the reports do not provide clear and useful data to enable Council management to have oversight and be provided with sufficient assurance over the compliance of the Estate. The ongoing reporting in relation to the compliance status for the non-civic estate is not sufficient to facilitate effective oversight. In addition a defined escalation protocol has not been formally established to ensure that emerging high risk health and safety issues identified are notified to relevant Council stakeholders and the Management team.

- **Inspections (Finding 2, Medium)**

In line with Council policies and procedures, the frequency of inspections required for each risk area has been set to ensure sufficient monitoring occurs to identify any issues in a timely manner. 5/20 (25%) inspections sampled were not performed within the defined timeframe. On average these 5 inspections were 2.4 months overdue. There was no specific reason for these timeframes not being met. It is noted that an exceptions report and a forward planner is run quarterly to identify overdue inspections and those due to expire in the next month and this is sent to the contractors and schools.

- **Remedial works (Finding 3, Medium)**

Currently expected timescales for commissioning and completing remedial work have not been defined and from our testing there were cases of long time periods between the inspection and obtaining a quote and completing the work. There are limited mechanisms in place to obtain assurance over the completion of remedial works or completion of works to an appropriate standard by third party contractors. Ad hoc checks are performed, however these checks are not evidenced and there is no defined sampling methodology to ensure sufficient coverage over works completed. In addition, evidence that remedial work has been completed, such as a repairs report, is not provided by schools. Instead schools provide only a confirmation that remedial work has been completed.

- **Contracts (Finding 4, Medium)**

The Council should have a contract in place with fixed term contractors to ensure that the terms and conditions on the performance of inspections and remedial work are agreed and to ensure that they have appointed competent contractors. The contracts in place also state that the use of sub-contractors is to be approved by the contract administrator. For 4/10 (40%) contractors tested a contract could not be located nor provided to internal audit. 2/10 (20%) contractors tested were sub-contractors and evidence that the contract administrator had approved the use of these sub-contractors could not be provided.

- **Schools compliance schedule (Finding 5, Medium)**

A compliance schedule is sent to the schools that are responsible for managing their own inspections and commissioning remedial work. The schedule is to be completed by the schools to enable CSG to have oversight of their compliance status. This exercise is currently done on an annual basis. The compliance schedules were sent in October 2016. Only 39 out of 141 schools had responded at the time of testing in December 2016. As at 6 February 2017 74 (52%) schools were yet to respond with details of their compliance. A tracker of responses is being maintained by CSG and schools are being chased for responses. However, there remains the issue that schools are not responding in a timely manner and thus the Council are not aware of their compliance status.

Furthermore, there is no clear escalation protocol for reporting back to Council management those schools who are non-compliant or those schools who have not responded, although some level of non-compliance, where known, on the non-traded schools is provided in the ACB compliance status report produced by CSG.

- **Service programme work plan: Frequency of inspections (Finding 6, Low)**

The frequency of inspections required for Legionella and Fire safety differed between the agreed service programme and the Info Exchange Tracker system, which is used to manage the inspections and ensure they take place within the appropriate timeframes. This is considered low risk as the inspections are occurring, however they might not be occurring at the frequency deemed appropriate in the programme.

- **Policies and procedures (Finding 7, Low)**

Process flowcharts had not been reviewed nor updated within the past year and still contained references to the previous information system rather than to Info Exchange Tracker system. Policies and procedures also did not cover four of the risk areas: Fire, Gas, Electrical and Lift Safety.

2. Findings, Recommendations and Action Plan

Ref	Finding	Risks	Risk category	Agreed action
1.	<p><u>Performance reporting</u></p> <p><i>Control design</i></p> <p>The operational responsibility for performing health and safety related activities has been outsourced to CSG as part of the broader agreement the Council has with Capita. The Council, as duty holder, is still ultimately responsible for health and safety risks associated with the corporate estate and therefore needs to retain oversight of the operational performance of CSG.</p> <p>A report is generated for the monthly Assets and Capital Board (ACB) meetings which shows the compliance status of the civic estate and the non-civic estate. The report includes a list of non-compliance items and actions being taken to resolve this on the Civic estate. It also includes a graph showing the trends in Compliance Status over the year. To note the Civic Estate comprises the six core Council properties.</p> <p>We found:</p> <ul style="list-style-type: none"> • There are no KPI's regarding health and safety inspections and compliance status for the non-civic estate. • The KPI's are yet to be amended to cover the entire managed estate (i.e. civic and non-civic) due to ongoing negotiations around operational responsibility and accountability between the Council and CSG. • In the ACB reports for the non-civic estate approximately 90% of the compliance events are reported as showing as "no information available." This is a result of the previous lack of understanding 	<p>If the Council's health and safety reporting framework does not provide senior stakeholders with sufficient information to facilitate oversight of the risk assessment and mitigation process in relation to the whole estate, then the Council may fail in fulfilling responsibilities with regards to health and safety as duty holder for the corporate estate.</p>	<p>High</p>	<p>Agreed Action:</p> <ol style="list-style-type: none"> a) We will establish a mechanism to ensure that operational performance and compliance status in relation to the whole of the non-civic estate is reported back to senior stakeholders within the Council. This will provide them with an opportunity to scrutinise and challenge Health and Safety activity. b) We will continue to progress with SPIR 3 to ensure the contractual position between CSG and the Council in relation to responsibilities for all of the non-civic estate is agreed. We will submit a change request to alter the contract once the entire suite of KPI's has been reviewed in March 2017. c) We will document an escalation protocol that sets out what the Council want to be notified of and how the Council should be notified. This protocol will be followed in the event that issues are identified. d) Monitoring arrangements will be defined to ensure activity set out in the programme to understand the

Ref	Finding	Risks	Risk category	Agreed action
	<p>and ownership regarding operational responsibility for non-civic buildings. At the time of the audit this unknown compliance was already being addressed as part of a specific compliance survey programme commissioned by the Council to CSG through the SPIR process. In addition the ACB reports for the non-civic estate currently do not include commentary nor include comparisons to prior periods to demonstrate progress over time.</p> <ul style="list-style-type: none"> Although CSG management state that they would escalate health and safety issues should they arise, there is no formal escalation protocol documented. CSG's Legionella and Asbestos Management Plans do not include details of when the Council should be notified of issues. Council management stated that they have made it clear that any high risk issues discovered during tests and inspections that either pose an imminent risk to health and safety or that has or may lead to a breach of statutory duty be escalated to Head of Estates or Head of Safety, Health and Wellbeing on discovery however this has not been set out and agreed in a defined protocol; and CSG has recently developed a programme that sets out the inspections and activity required to understand the compliance state of parts of the non-civic estate. Governance arrangements are yet to be documented to ensure there is sufficient oversight of the delivery of activity under this programme, although CSG management have stated that this is starting to be mapped out now on Info Exchange, where SPIR's have been approved and on-site asset surveys completed. 			<p>compliance state of the non-civic is delivered in line with requirements.</p> <p>e) We will put mechanisms in place to provide Council management with assurance that CSG are fulfilling their responsibilities. This may include employing a client-side Compliance Officer or making use of CSG's compliance arrangements.</p> <p>Responsible officers: Director of Estates, CSG Head of Estates, LBB</p> <p>Target date: 28 April 2017</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>Council management stated that governance over the delivery of the non-civic compliance programme is currently at the Strategic Commissioning Board (SCB). Once there is assurance that it is underway, CSG will oversee its delivery via an internal compliance board and actual progress will be reported in the monthly service report to the Council. SCB will also get a report at the regular SCB Assurance Boards. The state of compliance (as works identified in the surveys are carried out) of each asset of sites, which have progressed fully through SPIR 1 & 2, will also be reported in the monthly and quarterly service reports, and to bi-monthly Assets and Capital Board (ACB).</p> <p>Although there is evidence of progress being made in this area the management information currently provided is not sufficient to enable the Council to have oversight of operational health and safety activity across the estate to fulfil responsibilities as duty holder.</p>			
2.	<p><u>Inspections</u></p> <p><i>Operating Effectiveness</i></p> <p>Inspections are performed in order to identify asbestos, legionella, fire, gas, electrical and lift safety health and safety non-compliance risks from a property maintenance perspective.</p> <p>The frequency of the inspections for each risk should occur in line with agreed legislation and policies and procedures, along with those detailed in the programme. Based on these frequencies and the previous inspection dates, Info Exchange (the asset management system) automatically calculates the due date of the next inspection.</p>	<p>If inspections are not conducted as frequently as they should be, then health and safety risks may not be identified and resolved exposing the public and staff to danger.</p>	<p>Medium</p>	<p>Agreed Action:</p> <p>The forward planning report will be sent to the contractor or school along with the exceptions report on a monthly basis, in order to help reduce the number of inspections performed after their due date.</p> <p>Responsible officer:</p> <p>Building Services Manager, CSG Director of Estates, CSG</p> <p>Target date:</p> <p>17 March 2017</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>Inspections are performed by contractors. At the beginning of the year, a spreadsheet is sent to the contractors containing all the sites that they are to visit and the inspections to be done for the year determined by the frequency required.</p> <p>For a sample of 20 inspections, we checked that the most recent inspection had occurred within the appropriate time period since the previous inspection. We found:</p> <ul style="list-style-type: none"> 5/20 (25%) inspections sampled were not performed within the defined timeframe. 2 of these exceptions related to Legionella and Electrical inspections and are to be performed annually, 2 related to lift safety and are to be performed quarterly and 1 related to fire equipment inspections and are to be performed every 6 months. One exception related to the Civic Estate (Fire fighting equipment inspection at North London Business Park Building 2). On average these 5 inspections were 2.4 months overdue. There was no specific reason for these timeframes not being met. <p>It is noted that an exceptions report and a forward planner is run quarterly to identify overdue inspections and this is sent to the contractors and schools. The forward planner from Info Exchange lists those activities due to expire in the next month.</p>			
3	<p><u>Remedial works</u></p> <p><i>Control design</i></p> <p>Health and safety risks or issues identified through inspections should be addressed within an appropriate timeframe. When an issue is identified, surveyors provide a quote on the works required and contractors are</p>	<p>If health and safety issues are not resolved and uncompliant assets are not repaired within an appropriate timeframe then the Council may fail in fulfilling responsibilities with regards to health and safety of the corporate</p>	<p>Medium</p>	<p>Agreed Action:</p> <p>a) The timeliness of commissioning and completing remedial work will be monitored against defined expected timescales. Issues of non-compliance against these</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>commissioned to perform the remedial work.</p> <p>For the sample of 20 inspections we checked that issues identified through inspections had been followed up with remedial works to resolve the issue. We specifically checked the time taken to obtain quotes, the time taken to complete the work, whether the works were approved and that documentation evidencing the remedial work had been undertaken had been retained.</p> <p>From these 20 inspections, remedial issues were identified with 3 assets, 2 of which were located in properties the Council were responsible for and the other came under the responsibility of a school. We found:</p> <p><u>Timescales</u></p> <ul style="list-style-type: none"> • Quotes for the Council property work were obtained 79 and 128 days after the initial inspection. The school was responsible for obtaining its own quote and so the date they did this is not known by the Council. It is noted that the school's remedial work is outside CSG's control although evidence of the work being completed is requested. • For 2 of the cases, the remedial work was completed within 83 days and 132 days of the inspection. The other works had not been completed after 85 days. • Currently expected timescales for commissioning and completing remedial work have not been defined. <p><u>Documentation of remedial work</u></p> <ul style="list-style-type: none"> • In 2/3 (66%) cases a report on the remedial work from the contractor could not be provided. For one case this was because the repair was yet to be 	<p>estate and as a result the public and staff may be exposed to harm.</p> <p>If spot checks on Contractors' works are not performed, then the Council does not have assurance that the remedial works are performed to the appropriate standards thereby increasing the risk of non-compliance and lawsuits.</p>		<p>timescales and the subsequent action taken will be reported back to Council management. Emphasis will be placed on reporting progress associated with urgent remedial works.</p> <p>b) Schools will be asked to provide evidence of the remedial works undertaken to confirm the risks have been appropriately addressed.</p> <p>c) We will establish approval limits that determine when the commissioning of remedial works needs to be approved by the Council. An audit trail of approvals will be retained.</p> <p>d) We will devise a systematic spot checking methodology that includes the sample size to be checked (e.g. 5-10% of works will be checked).</p> <p>e) Spot checks will be recorded in the post works inspection section on Info Exchange to ensure documentation of the check is retained.</p> <p>Responsible officer: Building Services Manager, CSG Director of Estates, CSG Head of Estates, LBB</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>completed at the time of the audit. For the other case this is because it is the responsibility of the school to commission the remedial work. The school confirms via email that the works is complete, but this does not include a remedial report and the email did not contain details of the repair work undertaken.</p> <p><u>Authorisation</u></p> <p>Surveyors within CSG are required to approve remedial works before they are commissioned. Remedial works that are complex, costly and have a high impact on the building are escalated by the surveyor and the Council's approval is sought.</p> <ul style="list-style-type: none"> • There are no criteria for systematically determining when the Council's approval is required. There is therefore ambiguity about when the Council should be consulted before commissioning work. • Verbal approvals were obtained, hence evidence of the approval could not be provided to the auditors. <p><u>Spot checks</u></p> <p>Contractors are used to undertake remedial works. Management stated that ad hoc spot checks are performed on major remedial works by CSG staff to ensure that the works have been completed and completed to the prerequisite standard. We found:</p> <ul style="list-style-type: none"> • Spot checks are not documented and evidence could not be provided to support the operating effectiveness of this control. It is noted that Info Exchange does have a post works inspection section in which spot checks could be recorded. • Spot checking is currently not undertaken 			<p>Target date: 31 March 2017</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>systematically and there is not a methodology in place determining the basis for sample selection to ensure sufficient coverage over works performed.</p>			
4	<p><u>Contracts</u></p> <p><i>Operating effectiveness</i></p> <p>The Council should have a contract in place with fixed term contractors to ensure the terms and conditions on the performance of inspections and remedial work is agreed and competent contractors are being appointed. The contracts in place also state that the use of sub-contractors is to be approved by the contract administrator.</p> <p>For a sample of 20 inspections we checked that a signed contract was in place with the company performing the inspection and associated remedial work. A total of 10 contractors had performed inspections and remedial work in our sample. We found:</p> <ul style="list-style-type: none"> • For 4/10 (40%) contractors tested a contract could not be located nor provided to internal audit; and • 2/10 (20%) contractors tested were sub-contractors. Evidence that the contract administrator had approved the use of these sub-contractors could not be provided. 	<p>If inspections and remedial works are performed by third parties without a signed contract in place, then work may be performed to a poor standard or the Council may not achieve value for money.</p>	<p>Medium</p>	<p>Agreed Action:</p> <ol style="list-style-type: none"> a) We will undertake a review of the contractors used to ascertain the number of contractors for which a signed contract cannot be located. We will investigate any instances where a contract cannot be retrieved and take appropriate action, ensuring there is an interim solution in place. b) We will review how contracts are filed to ensure they can be easily retrieved should they need to be. c) A listing of contractors and approved subcontractors will be maintained. <p>Responsible officer:</p> <p>Building Services Manager, CSG Director of Estates, CSG Head of Estates, LBB</p> <p>Target date:</p> <p>7 April 2017</p>

Ref	Finding	Risks	Risk category	Agreed action
5	<p><u>Schools compliance schedule</u></p> <p><i>Control design</i></p> <p>A compliance schedule is sent to the schools that have not signed up for traded services with CSG. These schools are responsible for carrying out inspections and commissioning remedial work independently. The schedule informs the schools of the relevant health and safety compliance assessments required in the year and is to be completed by the schools to enable CSG to have oversight of their compliance status, and update Info Exchange in order to effectively report on compliance levels.</p> <p>The compliance schedule details the asset items, the components that need to be serviced, the asset's location, the frequency of inspections, the date that the compliance was met and whether certification of this compliance has been provided. In addition to the above, instructions are also included to help the schools complete the compliance schedule to confirm that they are compliant with the necessary health and safety assessments. This information will then be recorded in Info Exchange.</p> <p>We note that this exercise is currently done on an annual basis. The compliance schedules were sent in October 2016. Only 39 out of 141 schools had responded at the time of testing in December 2016. This demonstrates that schools are not responding in a timely manner.</p> <p>As at 6 February 2017 74 (52%) schools were yet to respond with details of their compliance. A tracker of responses is being maintained by CSG and schools are being chased for responses. However, there remains the issue that schools are not responding in a timely manner and thus the Council are not aware of their compliance</p>	<p>If the compliance status of schools is only monitored annually and if schools do not respond in a timely manner, then non-compliance may go unnoticed and unresolved exposing the children and staff to danger.</p>	<p>Medium</p>	<p>Agreed Action:</p> <ul style="list-style-type: none"> a) The compliance schedule will be sent to schools on a bi-annual basis. The schools will continue to be given deadlines by which to respond. b) An escalation protocol will be defined that outlines the procedures to follow if schools do not respond within the allocated timeframe or schools are non-compliant. This will detail how this information will be reported back to Council management and to whom. <p>Responsible officer:</p> <p>Building Services Manager, CSG Technical Support Officer - Buildings Director of Estates, CSG Head of Estates, LBB</p> <p>Target date:</p> <p>7 April 2017</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>status.</p> <p>Furthermore, there is no clear escalation protocol for reporting back to Council management those schools who are non-compliant or those schools who have not responded. Council management are yet to be provided with this information and there are no policies and procedures outlining this process.</p> <p>Council management stated that they have discussed at length the escalation protocol for schools that fail to report back on compliance. However, it is yet to be documented. As an example, evidence was provided demonstrating that in one instance when asbestos was identified at a school the Commissioning Director of Children was notified of the issue by the Head of Estates.</p>			
6	<p><u>Service Programme work plan: Frequency of inspections</u></p> <p><i>Operating effectiveness</i></p> <p>The CSG Estates team are in the process of reviewing the current compliance status of the 800 properties that form the Council non-Civic estate, subject to approval of SPIR's (see finding #1). This review process involves assessing health and safety risk, identifying any gaps in compliance testing and then managing any remedial actions/works that may be required to ensure the property is fully compliant.</p> <p>A programme has been devised by CSG which details the properties with unknown compliance status and the planned date that the compliance of the site will be checked. The programme also includes the frequency of inspections required for each property address and the party responsible for ensuring the compliance of the building. The programme has been reviewed and</p>	<p>If the Info Tracker system dictates less frequent inspections than the approved programme, then there is a risk that health and safety issues will not be identified in a timely manner exposing the public and staff to danger.</p>	Low	<p>Agreed Action:</p> <p>The Info Exchange Tracker system will be aligned to the programme to ensure frequencies of inspections are undertaken as dictated in the programme.</p> <p>Responsible officer:</p> <p>Building Services Manager, CSG Head of Estates, LBB Director of Estates, CSG</p> <p>Target date:</p> <p>24 March 2017</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>approved by the Head of Estates.</p> <p>This programme is used to update the Info Exchange Tracker system with the appropriate frequency of inspections. The Info Exchange Tracker system is then used to manage the inspections and ensure they take place within the appropriate timeframes.</p> <p>For a sample of 20 inspections we compared the frequency of inspections stated in the programme (including fire, electrical, asbestos, legionella and gas inspections) to the frequency of inspections stated in the Info Tracker system. We found:</p> <ul style="list-style-type: none"> • For 18 out of the 20 (90%) items sampled, the frequency of the legionella risk assessment is 12 months in the programme but 24 months in the system. Management stated that legionella should be reviewed every two years via a risk assessment, but if specific issues have been identified 12 months may be more appropriate. The Health and Safety Executive (public body) states that the frequency of monitoring should be based on a risk based approach, defined by the Competent Person undertaking the Assessment. • A fire risk assessment is in the programme for Pavilion Study Centre but is deemed not applicable in the system. The fire risk assessment was performed in November 2016. <p>This is considered low risk as the inspections are occurring, however the programme and the system used for programming and scheduling compliance activity is not fully aligned.</p>			

Ref	Finding	Risks	Risk category	Agreed action
7	<p><u>Policies and procedures</u></p> <p><i>Operating effectiveness</i></p> <p>CSG maintain a compliance process flowchart which outlines the process for health and safety inspections and commissioning remedial works. There are also policies and procedures for legionella management and asbestos management. Upon review of policies and procedures in place and enquiry of both CSG and Council management we found:</p> <ul style="list-style-type: none"> • The process flowchart had not been reviewed within the past year. It has not been updated and still contains references to the previous information system rather than to the current system, Info Exchange Tracker; and • The Council maintain policies for legionella monitoring and asbestos management in conjunction with CSG, but not for the other four risk areas: Fire, Gas, Electrical and Lift Safety. This is because legionella and asbestos assessments can be carried out by Capita staff, hence policies and procedures are required to support this activity. It would still be advisable to have specific policies and procedures for each of the other four risk areas. However, it is noted that policies and procedures are less critical for these areas as the assessments are undertaken by contractors and the frequency of inspections is governed by the overarching programme and Info Exchange Tracker. <p>It is noted that the Council has Health and Safety policies that cover Gas safety, Fire, Electricity at work and dangerous substances. CSG do not have similar policies and procedures for their internal processes to define how</p>	<p>If Council or CSG staff do not have access to up to date policies and procedures that cover all risk areas, then the appropriate procedures may not be known or followed by staff resulting in non-compliance not being identified nor resolved.</p>	<p>Low</p>	<p>Agreed Action:</p> <ol style="list-style-type: none"> Policies and procedures will be reviewed and updated annually with all relevant parties involved in the review, and the approval process defined. Supporting procedures will be written for electrical maintenance, fire safety, lift safety and gas safety, along with all other relevant property compliance service programme items, dovetailing into the Council's policies and procedures. <p>Responsible officer:</p> <p>Building Services Manager, CSG Head of Estates, LBB Director of Estates, CSG</p> <p>Target date:</p> <p>7 April 2017</p>

Ref	Finding	Risks	Risk category	Agreed action
	they manage the inspections and remedial works they are responsible for. There was no evidence to suggest that CSG are using the Council's policies.			

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	
Inspections	-	-	-	-	1	2		1	4
Remedial work	-	-	-	-	1	-	-	-	1
Governance	-	-	-	1	-	-	-	1	2
Total	-	-	-	1	2	2	-	2	7

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: 22 November 2016	Fieldwork commenced: 28 November 2016	Fieldwork completed: 22 December 2016	Draft report issued: 16 February 2017	Management comments received: 28 February 2017	Final report issued: 22 March 2017

Appendix 4 – Identified controls

Area	Objective	Risks	Identified Controls
Inspections	Health and safety inspections and risk assessments are carried out in line with legal and regulatory standards.	<p>- Inspections are not performed in line with required standards. Health and safety risks are not identified and resolved exposing the public and staff to danger if:</p> <p>- Inspections do not include checks of all six risk areas: Asbestos, Legionella, Fire, Gas, Electrical and Lift Safety as applicable;</p>	<p>A programme is used to detail the risk assessments required at each site.</p> <p>The programme also includes properties with unknown compliance status and includes the planned date to check the compliance of the site.</p> <p>At the beginning of the financial year, a spreadsheet is sent to the contractors containing all the sites that they are to visit and the inspections to be done for the year.</p> <p>The spreadsheet is maintained by the CSG surveyors and is updated when a building is acquired, updated or changed. It has different tabs for each directorate (e.g. schools, civic estates etc.). Each tab shows:</p> <ul style="list-style-type: none"> - the name of the site - the type of work - the frequency of the inspection - the costs <p>The frequency of inspections for each of the six risk areas occur in line with agreed policies and procedures. (Finding 2)</p>
		<p>- Documentation of inspections is not retained to demonstrate the performance of inspections to the required standard; and</p>	<p>An inspection sheet, known as a 'testing certificate', is used to document the details of the inspection. It also shows the date of inspection, the address, the name of the inspector and any remedial work needed. The reports are bespoke to each contractor and are not in a standardised format.</p> <p>Evidence of inspection is sent via email and uploaded onto the Info Exchange Tracker system.</p> <p>An exceptions report is run to identify overdue inspections and this is sent to the contractors and schools responsible for their own inspections.</p> <p>On an annual basis a compliance schedule is sent to the schools that are not signed up for traded services with the</p>

Area	Objective	Risks	Identified Controls
		<p>- Inspections are not performed by appropriately experienced and qualified individuals.</p>	<p>Council (i.e. schools that the Council does not inspect or organise repairs for). This schedule outlines the relevant health and safety compliances. (Finding 5)</p> <p>Inspections are conducted by contractors, who complete a Pre-Qualification Questionnaire detailing the technical capabilities of their staff prior to their commencement of work. A signed contract outlining the standards/legislation that will be adhered to should be in place with each contractor. (Finding 4)</p>
Remedial work	<p>Risks identified through inspections are addressed within an appropriate timeframe.</p>	<p>The Council fails to minimise the potential health and safety risk posed by the estate exposing property users to danger if:</p> <p>- The results of inspections and health and safety risks identified are not reported and escalated in a timely manner; and</p> <p>- Remedial work is not commissioned in a timely manner or completed to an acceptable standard to resolve identified risk.</p>	<p>Remedial actions required are documented on the inspection sheets. Inspection sheets also include recommended actions.</p> <p>Remedial actions are communicated to the surveyors or site managers and a quote for the work is provided by the surveyors. (Finding 3)</p> <p>An exceptions report is run to identify overdue repairs which is sent to the contractors and the schools</p> <p>A control report is maintained which records the schools that have not responded to the outstanding repairs report. This is provided to the Building Services Manager who then escalates it to the Council's Head of Safety, Health and Wellbeing or the school Head teachers.</p> <p>Contractors perform the remedial works except for works in certain schools. These schools organise their own remedial works and they provide evidence of this to the Council upon completion. (Finding 3)</p> <p>Remedial works that are complex, costly and have a high impact on the building are escalated by the surveyor and the client's (Council's) approval is sought. (Finding 3)</p> <p>An exceptions report is run to identify outstanding remedial works in the civic estates and is used to inform the Asset Capital Board (ACB).</p> <p>Spot checks are performed on major remedial works and the contractors are not paid their invoices until the work is approved. These checks are not documented and there is no</p>

Area	Objective	Risks	Identified Controls
			specific spot checking methodology or sample selection criteria. (Finding 3)
Governance	There is sufficient management oversight of health and safety activities to ensure compliance with responsibilities.	<p>The Council may fail in fulfilling responsibilities with regards to health and safety as duty holder for the corporate estate if:</p> <ul style="list-style-type: none"> - Roles, responsibilities and accountabilities for managing health and safety risks are not clearly defined, documented or assigned; 	<p>A flowchart is maintained that outlines the processes to be followed when remedial works are identified. It includes the role each party is responsible for doing and the processes involved from the point of identification of remedial work to the invoice payment. It also details for each type of estate the documentation to be retained, the relevant systems to be used, and the surveyors responsible for each type of health and safety risk.</p> <p>This is stored on the shared drive which all employees in the building compliance team have access to.</p> <p>The council maintains policies for legionella management or prevention and asbestos management. Both policies show:</p> <ul style="list-style-type: none"> - an overview of the risks - the responsibilities of the relevant officers - relevant safety procedures (Finding 7)
		<ul style="list-style-type: none"> - Insufficient management information is produced around health and safety operational activities from key contractors; 	<p>An ACB report is generated for the monthly ACB meetings which shows the status of the risk assessments / service programme inspections, relating to the civic and non-civic estates. It shows:</p> <ul style="list-style-type: none"> - the site by compliant status (e.g. overdue/expired activity; inspection completed, no certificate) - an overview of the monthly status from January till October - an analysis of all relevant compliance items in each property category.
		<ul style="list-style-type: none"> - A service programme work plan is not in place detailing compliance checks to be performed across the estates portfolio and when these are due to be performed. 	<p>A programme, agreed with the client, is maintained which shows all the sites that the council is responsible for, the type of inspection and the priority. The plan has been reviewed by the Head of Estates.</p> <p>The programme includes the property address, the party responsible for ensuring the compliance of the building, the</p>

Area	Objective	Risks	Identified Controls
		<p data-bbox="831 395 1308 549">- The Council's health and safety reporting framework does not provide senior stakeholders with sufficient information to facilitate oversight of risk assessment and mitigation process.</p>	<p data-bbox="1339 240 2058 379">relevant health and safety risk and the priority. The programme also includes properties with unknown compliance status and includes the planned date to check the compliance of the site. (Finding 6)</p> <p data-bbox="1339 395 2058 842">Health and Safety compliance meetings are held every 2-3 months by Capita staff. An ACB meeting is chaired and attended by Council management and Capita staff to discuss the compliance status of the Estate. An ACB report is generated for the monthly ACB meetings which shows the status of the risk assessments relating to the civic and non-civic estates. It shows: - the site by compliant status (e.g. overdue/expired activity; inspection completed, no certificate) - an overview of the monthly status from January till October - an analysis of compliance items. (Finding 1)</p>

Appendix 5 – Internal Audit roles and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Health and Safety - Estates, 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 the Council management's responsibility, and its relevant appointed stakeholders, 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.