



Internal Audit

Follow up Building Maintenance

Directorate: Environmental & Planning
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1. Introduction

- 1.1 As part of the internal audit plan of 2007/08 a follow up was carried out on the audit of Building Maintenance which was originally conducted in June 2007.
- 1.2 Upon receipt of the report and management action plan, managers within the department have made considerable effort to ensure that recommendations made have been implemented. A substantial amount of work has been carried out by key members of the Building Maintenance Management Team and staff.
- 1.3 The recommendations identified as significant in the Management Action Plan were in the following areas:
- Client Agent / Admin Team Procurement
 - DLO Procurement
 - DLO VFM
 - Quality Assurance
 - Health & Safety Processes
 - Delegated Powers
 - Qualifications
 - IT Recovery Processes
- 1.4 This report sets out the findings of the follow up review and makes recommendations, where it is felt that improvements of internal controls are required.

2. Objectives of the Follow-up Audit

- 2.1 The main objective of the audit was to ensure that recommendations from the previous audit have been implemented. Due to the dates of management's implementation of recommendations being in place by July 2007 we have focused our testing on the period between August and September 2007

3. Management Summary

- 3.1 From the work undertaken by Internal Audit there are no significant outstanding issues relating to 8 of the 11 recommendations. This reflects positively on the efforts made by the management team and staff
- 3.2 In our opinion further work needs to be undertaken in respect of
- 1) Management checks of projects and small works
 - 2) Documentation in Surveyors files
 - 3) Limits of Financial Delegation to Surveyors
 - 4) Provision of management information from another department.
- 3.3 Management has asked Internal Audit for advice on progressing the value for money issue over the next few months.

- 3.4 We have made a few new recommendations as a result of the implementation of our previous recommendations. These are minor in nature.
- 3.5 Once the significant outstanding recommendations are implemented the system of control should be that the full assurance can be gained from Building Maintenance service that all their identified key risks are controlled.

4. Findings.

No.	Original recommendations	Management Comments	Date to be Implemented	Findings	New Recommendation
1	Management should ensure BCBC procedures are observed by using only contractors vetted by Management of Contractors procedures	Whilst it is accepted that a number of contractors were not on the approved list, this was a small number and some have since been added to the list. However, it should be noted that Building Maintenance has to deliver specialist work to tight client timescales and there have been occasions when contractors have been used to meet these, when it was considered low risk. The proposed introduction of framework contracts, which are due to be invited within a month will see the appointment of approved contractors across a wide range of trades/specialist work which will considerably reduce the need to invite individual tenders.	July 07	<p>Management provided a list of all orders placed with contractors since the 1st April 2007(including those under a £1000.</p> <p>They also provided details of the reason for using non approved list contractors 14 non approved list orders were found from a total of 1602 orders. (9 orders were with the same contractor there was also supporting evidence demonstrating this company is now on the BCBC approved list) These details were independently verified to the original source.</p> <p>Internal Audit was informed that on occasion the client specifies particular suppliers. According to Building Maintenance Services 28% of single tenders are due to instructions from clients.</p>	The client practice of specifying contractors should be clarified as this may not be in accordance with BCBC procedures (Merits Attention)

No.	Original recommendations	Management Comments	Date to be Implemented	Findings	New Recommendation
2	<p>a) Management should ensure BCBC procedures are observed by providing alternative quotes for work over £1,000.00 except where permitted by regulations.</p> <p>b) Where single tender/quotation is obtained the reason and authorisation should be recorded on the documentation</p>	<p>a) It is sometimes difficult to fully comply with financial procedure rules with the high number of orders being dealt with and the lack of time to price and deliver work. However the introduction of framework contracts will significantly reduce the need to invite tender/ quotes</p> <p>b) If for some reason a single tender is required, this will be covered by the completion of a delegated powers authorisation</p>	July 07	<p>Management provided detailed analysis of all work placed with private contractors over the £1000 value. This was verified during the audit and a sample selected. Of the 173 orders in the sample 79 were identified as single tender. A sample of these was reviewed to original records management's views on the reason for single tenders were sought and a selection reviewed back to the original records. The samples selected had adequate detail on record to support the decision made.</p> <p>The delegated powers order sheet was not in use in the files at the time of the audit but the form had been produced. The form did not contain any fields for signatures nor had the BMA02/QA system form been amended to control its usage within the files</p>	No further recommendation made
3	Management should ensure BCBC procedures are observed by ensuring requisitions and orders are raised before work is progressed except when permitted under procedure rules.	In the one instance identified there was a short period to procure works. Other recent quotes confirmed the competitiveness of the contractor and a faxed confirmation of the quote (£1062) was sent, followed by an order 5 days later. Compliance with procedures to be reinforced.	Immediately	A sample of order s was taken from the IBS system and verified to files to ensure compliance with BCBC procedures no discrepancies regarding raising orders before work is progressed were found within the sample.	No further recommendation made

No.	Original recommendations	Management Comments	Date to be Implemented	Findings	New Recommendation
4	That the Building Maintenance Services Manual BM02 check sheet is completed fully and any decisions to omit documentation are made accountable	The tender action check sheet requires completion on projects valued at over £4,000. This ceiling is currently under review, and on the introduction of framework contracts many of the tasks may not be required. The Form BM02 will be reviewed as part of the review of process BPM-1.0	July 07	The BM02 check sheet had not been changed at the time of the audit. The BM02 is part of the Building Maintenance Quality Assurance system. Although there was good evidence of an improvement in completion rates of the BM02 since the last audit, there still appears to be an inconsistent approach to the completion of the BM02 forms with 5 out of 12 recent project files incomplete. For example the boxes may only contain a line with no dates. From this it is difficult to ascertain if the file is meeting the requirements of Building Maintenance's own Quality Assurance system	Management should review the BM02 process for adequacy and provide further training to staff. (Merits Attention)
5.	Management should ensure that the Building Services Manual procedures are adhered to and/or review this system for unnecessary procedure and documentation (either the process is required or redundant)	Review to be undertaken of processes and reminder to staff to comply. Random review of project files to be introduced to ensure compliance and performance indicator has been developed.	July 07	A 100% review of files over £4000 linked to an internal performance indicator was in place at the time of the audit. Management have advised that this process will ensure 4 key documents are on file (Architects Instruction, Specification, Health and Safety and Pre-contract documents). This process does not ensure technical compliance. The principal building surveyor gave assurance that he reviews the files however no documentary evidence was found of this review	Management should ensure that surveyor's files demonstrate signatory evidence of a technical supervisory review (management may consider introducing this on a sample basis). Although management have indicated this may be difficult during busy periods files should be reviewed on a basis of the level of risk to the authority (Significant)

No.	Original recommendations	Management Comments	Date to be Implemented	Findings	New Recommendation
6.	<p>a) There should be a control to ensure that all documentation (electronic or otherwise) has been completed and available. (E.g. Via a control sheet.)</p> <p>b) The process of authorisation should be reviewed to ensure accuracy and probity.</p>	<p>a) All documentation in project files to be appropriately signed and dated by surveyors</p> <p>b) Random checks for accuracy to be developed on payments under £400</p>	Immediately	<p>a) A review of the files found good evidence that the 4 key documents (Architects Instruction, Specification, Health and Safety and Pre-contract documents) are on file. However other documentation for example BM01 project mandates had no signatures or copies of emails agreeing to the work on file. Variation orders were on file but unsigned. Incomplete BM02 forms and incomplete H&S forms were found to be incomplete.</p> <p>b) There was no evidence that random checks for accuracy on payments under £400.00 were in place</p>	<p>a) All documentation in project files to be appropriately signed and dated by surveyors</p> <p>b) Random checks for accuracy to be developed on payments under £400</p> <p>(Significant)</p>

No.	Original recommendations	Management Comments	Date to be Implemented	Findings	New Recommendation
7.	Management should ensure electricians qualifications are adequate for the work tasked and retain copies on file	At the time of the audit, copies of qualifications for all electricians were not available, as they were on personal HR files at Civic Offices. Copies are now available in files at the depot. There is currently a minimum qualification requirement and ongoing training is provided to comply with new developments. The section has obtained accreditation to NICEIC, and all qualifications were checked as part of this process. All electricians have also obtained ECS cards relating to electrical safety on site, which again required proof of qualifications.	Completed	Management had progressed the issue of electricians qualification with BCBC HR. BCBC HR have supplied details of Certification to Building Maintenance management and are requesting further evidence and sight of the original certificates	No further recommendation made

No.	Original recommendations	Management Comments	Date to be Implemented	Findings	New Recommendation
8.	<p>Surveyors file check sheet BM02 is developed to allow comments on the level and type of Health & Safety monitoring required</p> <p>Health & Safety File documentation is completed if follow up visits are required/not required</p>	<p>Check sheet BM02 to be reviewed to allow the level of health and safety monitoring to be determined</p>	<p>July 07</p>	<p>BM02 check sheet for Health and safety had not been changed</p> <p>Management advised that the H&S form was inadequate for their use and had produced a simplified version however this had previously brought about resistance from Health & Safety.</p> <p>The audit found that there is still evidence of incomplete recording of future H&S visits for example TBA is used, and lack of inclusion of it completely on one file.</p> <p>It was also found that internal management checks have picked up a number of issues with the form and there was evidence to support this was being addressed and compliance is improving</p>	<p>No further recommendation made</p>

No.	Original recommendations	Management Comments	Date to be Implemented	Findings	New Recommendation
9.	<p>a) Management review delegation limits to ensure they are adequate AND</p> <p>b) Ensure compliance by surveyors.</p>	<p>Review of limits to be undertaken as part of the new delegated powers process and decision reinforced with surveyors</p>	June 07	<p>Eight of the eleven projects sampled had been authorised to proceed by an officer with an insufficient level of financial authority.</p> <p>It was noted however during the course of the follow up that the Delegated Authority process within BM is currently under review by Management training/presentations have been made during October to BM staff outlining the Delegated Powers procedures and current documentation is being reviewed. Management have given assurance that this matter will be given due consideration when preparing new documentation to ensure that officers do not exceed their delegated limits.</p> <p>Management also advised that the new IBS computer system has a facility to set individual officer authority limits which should safeguard against unauthorised usage in the future, the new computer system is due to go live in December 2007.</p>	<p>Management should ensure that staff understand the process of financial delegation. (Significant)</p> <p>Where limits are insufficient for the officer to proceed there should be evidence of agreement from an officer with sufficient delegation to sign. (Significant)</p> <p>Management may wish to review the limits of officers to ensure they are sufficient (Merits Attention)</p>
10.	<p>Building Maintenance (Client Agent) conducts documented value for money analysis commensurate with the value of the work</p>	<p>Larger DLO projects have been priced on market norms over the past eighteen months, but arrangements have been put in place for a value for money check to be made on a sample of projects</p>	Completed	<p>Management have requested details from another department to enable them to carry out this work. Due to illness and annual leave within these other departments progress has been difficult but has been progressed.</p> <p>Management has requested the assistance of Internal audit in progressing demonstration of value for money.</p>	<p>No Further recommendation made</p>

No.	Original recommendations	Management Comments	Date to be Implemented	Findings	New Recommendation
11.	Management should consider the risk of not being able to restore IBS/Atrium data and should liaise with Corporate ICT to test the recovery system works	Building maintenance is dependent on the Corporate ICT approach to restore data. ICT has confirmed that even though there has never been a requirement on maintenance systems, should there be a need to restore data, then this would be possible. An upgrade of the IBS system is currently being developed to include full business continuity mechanisms	Completed	<p>Management have sought and received documented assurance from Corporate ICT that the risk of systems recovery will not affect the business of the department.</p> <p>There is also a manual system in place to ensure that work can proceed until the systems are restored.</p>	No Further recommendation made

5. Management Action Plan.

Rec. No.	Recommendation	Agreed	Management Comments	Officer Responsible	Date to be Implemented
1.	The client practice of specifying contractors should be clarified as this may not be in accordance with BCBC procedures (Merits Attention)	Y	We are consulting with our clients.	AR	December 2007
2.	Management should review the BM02 process for adequacy and provide further training to staff. (Merits Attention)	Y		AR	March 2008
3.	Management should ensure that surveyor's files demonstrate signatory evidence of a technical supervisory review (management may consider introducing this on a sample basis). Although management have indicated this may be difficult during busy periods files should be reviewed on a basis of the level of risk to the authority (Significant)	Y	Following an external QA audit in October this will be reviewed as previously planned.	AR	November 2007
4.	a) All documentation in project files to be appropriately signed and dated by surveyors b) Random checks for accuracy to be developed on payments under £400 (Significant)	Y	Surveyors will be reminded of their responsibilities.	ME	November 2007
5.	a) Management should ensure staff	Y	A presentation by the AD has taken	AR	All November 2007

Rec. No.	Recommendation	Agreed	Management Comments	Officer Responsible	Date to be Implemented
	<p>understand the process of financial delegation. (Significant)</p> <p>b) Where limits are insufficient for the officer to proceed there should be evidence of agreement from an officer with sufficient delegation to sign. (Significant)</p> <p>c) Management may wish to review the limits of officers to ensure they are sufficient (Merits Attention)</p>		<p>place. A further meeting will take place in November to reinforce the message.</p> <p>A form is in place and compliance will be monitored.</p>	<p>ME/SW</p> <p>AR</p>	

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