

**Corporate Buildings  
Statutory Compliance**

**March 2015**

**Final**

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### Report Distribution – Final Report issued on 25<sup>th</sup> March 2015 to:

Gerry O'Connor	Head of Property Maintenance
Sue Mendham	Corporate Buildings: Head of Infrastructure Assets
Bernie Brannan	Board Director: Delivery
Gavin Jones	Chief Executive
Councillor Brian Ford	Cabinet Member
Councillor Steve Weisinger	Chair: Audit Committee
Paul Smith	Head of Technical Finance
Rob Richards	Head of Property Assets
Peter Greer	Insurance Manager
Richard Kemp	Health and Safety Lead

## Executive Summary

### Background

This review has been carried out, at the request of the Head of Property Maintenance, as part of the agreed Internal Audit Plan for 2014/2015 in order to provide that the Council is effectively managing the statutory compliance requirements for corporate buildings. That is to ensure compliance with legislation including the Health and Safety at Work Regulations 1999, approved codes of practice, guidance documentation and Council policies.

The Council owns some 270 corporate properties as part of its property portfolio valued at £136bn as at 2013/14. Schools are not classified as corporate buildings and as such are outside the scope of this review.

Since early 2013 Property Services has had responsibility for providing the corporate buildings statutory compliance function, which prior to this date was delivered by Capita Services. From 1st November 2013, following Swindon Commercial Services reintegration, Property Services also became responsible for the asbestos removal team based at the Waterside Depot. Property Services work with Property Assets and the Corporate Health and Safety Team to control and manage compliance issues relating to corporate buildings. Responsibilities within Property Services are split into two key areas:

- Asbestos
- Other compliance disciplines which include legionella, gas, electrical testing, fire alarms, lifts, hoists and lifting equipment etc.

Compliance with the Disability Discrimination Act 2005 and Building Regulations 2000, which requires reasonable provision to be made for access to a building and use of facilities within a building, is the responsibility of the Head of Property Assets and does not form part of this review.

### Audit Opinion

The impact and materiality of statutory compliance for corporate buildings is considered to be **high** and combined with the auditor's opinion that system controls have **fundamental weaknesses**, gives an overall risk to the Council of '**significant**'.

### Key Messages

This review was requested by the Head of Property Maintenance following transfer of responsibility of these services to him following the reintegration of Swindon Commercial Services in November 2013. The review is to provide management with an independent level of assurance identifying any issues and risks relating to the statutory compliance of buildings, in the light of a recent reorganisation and the subsequent and on-going rationalisation of service delivery. Following the reorganisation mentioned above, Property Services is developing and refining a control framework to ensure delivery of an effective corporate building statutory compliance function. This

framework needs to ensure that there is clarity and consistency of the roles and responsibilities of officers for ensuring statutory compliance for corporate buildings. The key issues are set out below under three headings i.e. asbestos, other disciplines and general.

### **Asbestos**

Of the 274 corporate buildings on the asbestos inspection plan, 63 (approximately 23%), have been inspected for asbestos during 2014 and these properties represent the larger buildings. However, the remaining 211 corporate buildings, which are mainly shops, have not been inspected or monitored for asbestos in the previous twelve months. From an analysis of these shops the date of last asbestos inspection dates back to 2006/07. The Property Maintenance Asset Manager advised that further asbestos surveys have been suspended during 2014/15 to enable officer time to be spent on asset management, decent homes standard work, Standard Assessment Procedure (SAP) rating for dwellings and developing programmes of works.

An audit sample test of six properties for asbestos inspections found four of these had an asbestos management inspection in 2014 and works are in hand to deal with defects. The remaining two properties had not been inspected by Property Services. However, the Auditor subsequently established that one, a multi-storey car park, had been inspected during 2014. This inspection (along with inspections of all other multi-storey car parks in Swindon) had been commissioned by Highways and Transport. Property Services had not realised that the car parks were not their responsibility. The remaining property tested, Enterprise Works, had not been inspected as the asbestos team advised this was the tenant's responsibility i.e. SEQOL. However, on review of the lease agreement the auditor established that it states this to be the landlord's responsibility. This was later confirmed with the Head of Operational Property.

At this time, the Council, as landlord, cannot demonstrate that there are effective arrangements in place and operating to provide management with assurance that all Council owned buildings (e.g. community buildings), including corporate buildings meet the statutory asbestos compliance requirements.

The in-house asbestos removal team based at the Waterside depot is managed by the Property Maintenance Asset Manager however performance monitoring of the team is not in place to demonstrate effective use of resources.

On completion of the audit fieldwork the Property Maintenance Asset Manager provided the Auditor with an asbestos management action plan dated August 2014. However, the plan has not been put into effect and is missing action owners and dates for implementation.

### **Statutory compliance regarding 'other disciplines'**

Testing of six corporate buildings for statutory compliance for other disciplines (i.e. legionella; gas; electricity; lifts, hoist and lifting equipment; CCTV and Intruder alarms etc.), found a good standard of compliance. Much of this achievement has been attained through the Senior Services Building Engineer putting in place a management system supporting a programme of planned inspections for corporate properties. This demonstrated that statutory compliance checks for corporate properties are being conducted for each of the relevant disciplines and the frequency set out in the relevant statutory requirements. Remedial works have been procured promptly to address defects raised following inspections.

## General

A number of general issues were also found during the course of the audit:

- *Policies and procedures:* although the Corporate Health and Safety Team produced a set of corporate health and safety policies, including requirements for the key statutory building compliance disciplines i.e. asbestos, fire and legionella, they have yet to be reviewed by Property Services and supported by best practice procedures.
- *Lease agreements:* the responsibility for the 'Statutory Compliance' for corporate buildings is specified in property lease agreements. However, lease agreements do not have standard terms and conditions for statutory compliance and in some cases the Council as landlord has responsibility and in others this is allocated to the tenant. For larger corporate buildings i.e. office accommodation, the roles and responsibilities of the Council as landlord are better understood, however, this is not the situation for smaller corporate buildings i.e. shops and community buildings. The risk around discharge of statutory compliance where a lessee is responsible for a corporate building is not monitored between Property Assets (Service Delivery) and Property Services (Economy and Skills). Therefore, any non-compliance could go undetected and the Council could suffer reputation damage, financial loss, individual officers could be faced with legal proceedings and in the worst case, lives of building users could be lost.
- *Operational buildings:* for operational buildings i.e. multi storey car parks, there is a lack of clarity and consistency of responsibilities and arrangements within Property Services and Streetsmart/Highways and Transport.
- *Information systems:* there is a lack of compatibility between information systems used by the different functions within Property services. This does not allow for easy management or monitoring of service delivery.
- *Performance indicators:* in place to monitor the service do not provide a full performance dashboard for statutory inspections, e.g. level of inspections, remedial works for defects identified in inspection reports and the age and risk relating to outstanding inspections.
- *Zurich Municipal Ltd (the Councils' insurer) commissions independent statutory compliance equipment inspections of SBC corporate buildings:* The inspectors 'electronically post' these reports into the company's CRIMSON IT system which is accessible by the Council. However, at the time of the audit these reports, including those with defects logged, were not being managed or monitored by designated officers responsible for corporate premises. Many of the designated officers were no longer responsible for premises which they were assigned on the system. However, during the course of this review recommendations have been agreed with the Council's Insurance Officer and are being implemented to address this aspect going forward.
- *The procurement of statutory inspections* had not been tendered prior to the transfer of service responsibilities to Property Services. There was one contract, entered into by Capita for lift services, which although used by the Council was not formally assigned. Tenders for lift services and water quality are in progress and expected to be in place from 1<sup>st</sup> April 2015. However, tendering of the remaining statutory compliance inspections and services has yet to be timetabled.

## Context

The audit review of statutory compliance relating to corporate buildings was requested by the Head of Property Maintenance to determine how effectively the Council is managing its corporate building statutory compliance responsibilities following the service reintegration. The scope of the review included reviewing whether:

- Policies and procedures for corporate buildings statutory compliance meet the relevant statutory regulations and best practice standards.
- Statutory compliance is achieved for corporate buildings. This includes completion of the appropriate and timely compliance inspections by accredited suppliers and remedial works to address defect as necessary.
- Relevant performance information and records are kept up to date from which to monitor and manage statutory compliance requirements in corporate buildings.

A range and diversity of corporate buildings was selected for audit testing of statutory compliance and included:

- Civic Offices Main Building,
- Link Centre (prior to transfer of service to Greenwich Leisure Ltd),
- Enterprise Works (leased by SEQOL),
- Brunel West Multi-storey car park,
- Savernake Street Community Building (in the process of transfer to a community group)
- Pembroke Gardens Park changing rooms.

The type and frequency of statutory compliance inspections for each building is dependent on its age (i.e. asbestos was not permitted to be used in the construction of properties after 2000), use and equipment content. Statutory building compliance inspections are set out in the relevant legislation and these are summarised in Appendix C. For the purpose of this audit a list of statutory inspections has been prepared from lease and building records and used as a test sheet from which to evidence inspection records, relevant certificates and remedial repairs etc. The type of inspections tested by Officers in Service Delivery includes asbestos which is managed by the Property Maintenance Asset Manager and 'other disciplines' managed by the Electrical and Mechanical Engineer. Other discipline inspections are arranged by Service Delivery i.e. by the Senior Building Services Engineer include gas, legionella and water quality, electrical installation, fire alarm, emergency lighting systems and fire fighting equipment, intruder detection system and CCTV equipment lifts hoists and lifting equipment, heating, ventilation and air conditioning systems and lighting conductors.

The Head of Property Maintenance is responsible for line management of staff in Service Delivery undertaking corporate buildings statutory compliance duties.

## Risk Areas Examined and Findings

In accordance with best practice, a risk-based approach was adopted that identified the key risks to the business objectives and those mitigating actions/controls that should be in place. The auditor then assessed the effectiveness of the mitigating controls through examination of relevant documents, procedures and detailed testing. The key risks to the achievement of the business objectives were discussed and agreed with the Head of Property Maintenance.

The table below summarises the Risk Areas examined during the review and provides an assessment of the adequacy of controls in place for each area of risk examined:

<i>Risk Area Examined and Findings</i>	<i>Audit Conclusion</i>
<p><b>Risk: Policies and procedures for corporate buildings statutory compliance meet the relevant statutory regulations and best practice standards.</b></p> <ul style="list-style-type: none"> <li>Policies supporting the key statutory compliance requirements for corporate buildings were put in place by Corporate Health and Safety in December 2013. This provided an overarching policy and gave the Council direction in terms of compliance. However, Property Services have yet to take forward and review these policies and provide specific management procedures that they as a team would undertake for Corporate and other Council owned buildings.</li> </ul>	<p><b>Significant improvements required</b></p>
<p><b>Risk: Demonstrate that statutory compliance is achieved for corporate buildings. This includes completion of the appropriate and timely compliance inspections by accredited suppliers and remedial works to address defect as necessary</b></p> <ul style="list-style-type: none"> <li>A planned programme of asbestos inspections is not in place for corporate buildings. Although the properties are listed and the date of last inspection is evident, some 211 properties from a portfolio of 274 corporate properties (i.e. 77%) have not been surveyed annually as required by the Control of Asbestos Regulations. A significant number of these properties, mainly small shops, were these last surveyed some seven years ago during 2006/07. A date of next inspection survey has not been set and the periodic monitoring of asbestos containing materials in these premises is not evident. This is a breach of the statutory requirements.</li> <li>Asbestos inspections have been postponed to focus management time on asset management, decent homes standards, Standard Assessment Procedure (SAP) rating for dwellings and to develop programmes of works.</li> <li>There is a lack of standard terms and conditions in corporate building leases which clearly set out the landlord and tenant roles and responsibilities with regard to statutory compliance.</li> <li>From testing, the statutory compliance responsibilities in corporate buildings for disciplines other than asbestos have been satisfactorily demonstrated. Inspections have been carried out satisfactorily by accredited suppliers in accordance with frequencies set in accordance with the relevant regulations. Any defects identified from inspections</li> </ul>	<p><b>Fundamental weaknesses identified</b></p>

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<p>and necessary remedial works have been found to be commissioned on a timely basis.</p> <ul style="list-style-type: none"> <li>• The procurement of suppliers to conduct statutory compliance inspections were not in place before Property Services became responsible for the service which was previously delivered by Capita and Swindon Commercial Services. A lifts service contract entered into by Capita has not been assigned to the Council and expires on 31<sup>st</sup> March 2015. This has continued to be used for the order of lift service inspections. The Council is currently tendering the lifts and water quality statutory compliance inspections from 1<sup>st</sup> April 2015. Contracting of inspection services for the remaining statutory compliance disciplines have yet to be put to market.</li> <li>• Financial Regulations are not being complied with as part of the certification of payment process. Post inspections of remedial works are not being conducted to ensure that works are satisfactory completed before payment.</li> </ul>	
<i>Risk Area Examined and Findings</i>	<i>Audit Conclusion</i>
<p><b>Risk: Relevant performance information and records are kept up to date from which to monitor and manage statutory compliance requirements in corporate buildings.</b></p> <ul style="list-style-type: none"> <li>• There is a range of paper, spreadsheet and management information systems used for managing and monitoring corporate building statutory compliance. This compromises the quality of reporting, monitoring and management information in place and from which to provide an assurance to management on the level of assurance, or non-compliance. From this review disparate working is evident and good practice is not demonstrated.</li> <li>• Key performance indicators and management of the service is in place but requires enhancement to provide more meaningful information from which to monitor corporate buildings statutory compliance and identify any deviations or patterns of emerging risks or issues. Performance management and monitoring of the in-house asbestos removal team also needs improvement to demonstrate effective use of resources.</li> <li>• A quality assurance process is not in place to provide independent assurance to management that arrangements are operating effectively for statutory compliance of corporate properties.</li> <li>• A service risk register is not in place to manage emerging risks or issues.</li> </ul>	<p><b>Significant improvements required</b></p>

## Overall Opinion

**Materiality and impact: High.** The Council has some 270 corporate properties which consist of a range of sizes and complexities with regard to statutory compliances requirements. The asset value of these buildings is £136bn as at 2013/14. Materiality is therefore **high**. The Council as owner and landlord of these properties has responsibility for effectively discharging the statutory compliance requirements for these buildings and keeping them safe. Impact is therefore also **high**.



**Opinion on system controls: Fundamental weaknesses identified** (see Appendix A) i.e. the auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.

**Overall assessment of risk:** the combination of the high impact of the system, along with the opinion on the system controls gives an overall risk assessment to the Council as being **significant**:

		MATERIALITY AND IMPACT		
SYSTEM CONTROL		High	Medium	Low
1	High standard	Moderate	Minimal	Minimal
2	Satisfactory	Moderate	Moderate	Minimal
3	Significant improvements required	Of Concern	Moderate	Moderate
4	Fundamental weaknesses identified	Significant	Of Concern	Moderate

## Action Plan

The purpose of this action plan is to provide a summary of the matters arising during the audit of Corporate Buildings Statutory Compliance, together with the recommendations to mitigate risks, the manager's response to the recommendations, along with the officer responsible and timescale for implementation. In order for you to identify the most significant matters arising, which affect the reliance that can be placed on the controls reviewed, the recommendations have been prioritised.

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
<b>1</b>	<b><i>Risk: Policies and procedures for corporate buildings statutory compliance meet the relevant statutory regulations and best practice standards.</i></b>			
1.1	<p>The Corporate Health and Safety Team produced a set of overarching health and safety policies (HSP) and have published them on the Council's Intranet in December 2013. These were put in place to give the Council direction in terms of compliance with the relevant regulations, including statutory compliance for corporate buildings.</p> <p>The policies set out the statutory requirements, roles and responsibilities and in some cases an indication of inspection frequency and maintenance. The published policies include:</p> <ul style="list-style-type: none"> <li>• HSP 015 Legionella Management , HSG 015 Legionella Management in Hot and Cold Water Systems Guidance</li> <li>• HSP 018 Electrical Safety</li> <li>• HSP 021 Gas Safety Management</li> <li>• HSP 023 Asbestos Management</li> </ul> <p>Whilst these policies cover key health and safety risks for corporate buildings other legislation, approved Codes of Practice (CoP) and guidance are not specified i.e. Lift Operations and Lifting Equipment Regulations 1998, Emergency Lighting in premises CoP and Fire detection and alarm systems CoP.</p> <p>Property Maintenance is responsible for ensuring policies relating to their service are specific and have supporting procedures. However, policies have yet to be reviewed for appropriateness and supporting procedures are not published.</p>	<p>Relevant property compliance health and safety policies should be reviewed at least annually for appropriateness.</p> <p>This review should ensure that the policies reflect all statutory compliance responsibilities and are fit for purpose for the range of corporate properties.</p> <p>Procedures should be produced to support the policies and be published on the Intranet and Swindon Borough Council's Internet so all stakeholders have access and are aware of whom to contact.</p> <p>Evaluate and benchmark premises management handbooks etc. produced by other organisations to assist in implementing the above recommendations. The Cornwall Council Premises Management was found to be a good reference for this review and can be found at:  <a href="http://www.cornwall.gov.uk/.../land...property/.../property.../premises-management-handbook-and-log-book">www.cornwall.gov.uk/.../land...property/.../property.../premises-management-handbook-and-log-book</a></p> <p><b>Priority: High</b></p>	<p>Head of Property Maintenance</p> <p>September 2016</p>	<p>The corporate health and safety team have agreed to put together a programme to review policies and compliance with statutory requirements, which is to include testing to identify gaps in roles and responsibilities.</p> <p>Procedures are to be put together and published on the Intranet and SBC's website for statutory requirements listed as follows:</p> <ul style="list-style-type: none"> <li>• Asbestos Management</li> <li>• Electrical Safety Management</li> <li>• Fire Safety Management</li> <li>• Gas Safety Management</li> <li>• Water Hygiene Management</li> </ul>

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
<b>1</b>	<b><i>Risk: Policies and procedures for corporate buildings statutory compliance meet the relevant statutory regulations and best practice standards.</i></b>			
1.2	<p>The asbestos Health and Safety Policy (HSP 023), published on the Intranet, states that the responsibility for ensuring statutory building compliance for multi storey Car Park buildings falls to Property Services. However, leases are not required for these buildings as they are operational and instead responsibility for their statutory compliance rests with Streetsmart (Transport and Highways).</p> <p>There is a Service Level Agreement (SLA), dated 25<sup>th</sup> March 2010, between Car Parks Services and Property Services (previously Capita). This is for the provision of a professional service in relation to the management of a comprehensive lift servicing contract. However, the Senior Services Building Engineer (Property Services) provides a statutory compliance service to Car Parking Services for all disciplines (with the exception of asbestos management which is the responsibility of the Property Maintenance Asset Manager). This wider provision of building statutory compliance service is not specifically provided for in the lifts SLA i.e. periodic testing of the fire alarm system, emergency lighting, legionella and water quality analysis, electrical installation condition etc.</p> <p>The SLA has not been reviewed periodically to ensure it remains relevant.</p> <p>Regular contract management meetings for statutory compliance (not asbestos) are held between Property Services and Car Parking Services. These are documented with actions logged and implemented to agreed dates. Charges are made directly to Car Parking Services for the provision of this service.</p>	<p>Review whether the multi storey car parks should be classified as a corporate building for the purpose of statutory compliance responsibilities.</p> <p>A matrix schedule of properties should be produced. This should set out the roles and responsibilities for all statutory compliance functions in relation to corporate properties.</p> <p>Review the relevant building statutory compliance health and safety policies, published on the intranet following the outcome of the ownership of responsibility for statutory compliance of multi-storey car parks. This is to ensure that responsibility for statutory compliance of car parks is clearly classified i.e. is it a corporate building in which case Property Services will be responsible or is it an operational building for which Highways and Transport are responsible.</p> <p><b>Priority: Medium</b></p>	<p>Head of Property Maintenance</p> <p>March 2017</p>	<p>Resources still to be identified for surveys to all corporate and operational buildings.</p> <p>It is proposed that a risk based approach is to be undertaken to survey premises with the objective to identify components that need servicing, testing or inspection in accordance with statutory requirements.</p> <p>A statutory requirement checklist or register is to be maintained for premises on the Open IT system.</p> <p>It is to include items for servicing, testing and inspection along with frequency rates and responsible persons.</p> <p>Documented records from servicing, testing and inspection are to be held electronically on the Open IT system for premises.</p> <p>The asbestos surveys for multi-storey car parks are to be carried out by Property Maintenance with management plans being reviewed at contract management meetings with Car Parking Services.</p>

[illegible]

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	<b>Risk: Demonstrate that statutory compliance is achieved for corporate buildings, including completion of the appropriate and timely compliance inspections by accredited suppliers and remedial works to address defects as necessary.</b>			
2.2	<p><b>Asbestos</b></p> <p>Of the six properties tested during the audit for up to date asbestos surveys, four were completed in 2014 and meet the Health and Safety at Work Act and Control of Asbestos Regulations. The provision of asbestos surveys required for testing proved difficult to obtain from Property Services and testing was re-performed after more recent surveys were located.</p> <p>Details of the two outstanding surveys are as follows:</p> <p>i. Enterprise Works. The Asbestos Surveyor advised the Auditor that it was the tenant's responsibility (i.e. SEQOL) to conduct this survey as it was not a corporate property. However, the Auditor established from the lease and checked with the Head of Operational Property that this is a corporate property. The Auditor checked the asbestos management information spreadsheet of properties and found Enterprise Works classified as a miscellaneous property. It was showing an overdue status i.e. the last survey was conducted in December 2006. A new survey was to be carried out in February 2014; however this was showing overdue as at the end of September 2014.</p> <p>ii. The other property not shown as surveyed for asbestos by Property Services was the Brunel West multi-storey car park. However, the Auditor contacted the Transport and Highways section and established that the Asset Manager had arranged asbestos surveys for all car parks during 2014, in the absence of any current surveys. Prior to this the Auditor found the previous asbestos survey to have been conducted on the 19<sup>th</sup> October 2004. This finding highlights a lack of clarity of responsibilities.</p>	<p>The filing of asbestos surveys should be held by property and in date order. All surveys should be recorded on the asbestos data base promptly following completion.</p> <p>Awareness and training should be undertake to ensure that all staff responsible for asbestos management are aware of the Council's asbestos responsibilities as a landlord of buildings which make up the corporate buildings portfolio.</p> <p>Update the asbestos key performance indicator property data base following the determination of whether multi-storey car parks are deemed corporate buildings (see the recommendation at action plan 1.3)</p> <p><b>Priority: High</b></p>	<p>Head of Property Maintenance</p> <p>June 2016</p> <p>September 2015</p>	<p>Asbestos reports are to be compiled from the Teams survey software and asbestos records are to be held on the Open IT system to maintain an Asbestos Register.</p> <p>A review is to be undertaken to check that all Property Maintenance technical officers have undertaken asbestos awareness training in last 2 years and specific training need to be identified for asbestos management team.</p>

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	<b><i>Risk: Demonstrate that statutory compliance is achieved for corporate buildings, including completion of the appropriate and timely compliance inspections by accredited suppliers and remedial works to address defects as necessary.</i></b>			
2.3	<p>Statutory Compliance responsibilities for corporate buildings are specified in each property lease. To improve visibility of these a list of the individual statutory compliance responsibilities has been produced in the last 3 – 4 years i.e. for legionella, statutory examination and testing of lifts, hoists, boilers and compressors etc. Against each of these responsibilities is a tick to indicate whether this is a landlord or tenant responsibility. However, lease agreements do not have standard statutory compliance responsibilities hence in some cases the Council as landlord has responsibility and in others this is allocated to the tenant e.g. including community buildings.</p> <p>Failure to make clear the statutory compliance responsibilities for corporate buildings between the landlord and tenant could result in statutory non-compliance. In the event that discharge of statutory compliance, where a lessee is responsible for a corporate building, is not monitored this could go undetected and compromise the Council's position in the capacity of landlord.</p> <p>Whilst school buildings, both local authority controlled and academies, are not classified as corporate buildings there is an inconsistency and a lack of assurance in place to ensure statutory compliance with asbestos and other statutory building compliance requirements. In the event of a major building statutory compliance defect or related health and safety incident the Council could be either directly or indirectly liable as the building owner e.g. academy schools, community buildings etc.</p>	<p>Evaluate providing a full statutory compliance service for all Council owned buildings including corporate buildings, local authority and academy schools and community buildings etc. regardless of responsibilities set out in lease agreements. This will provide management with an overall level of assurance on corporate buildings statutory compliance.</p> <p><b>Priority: High</b></p>	<p>Board Director: Service Delivery in conjunction with Corporate Board</p> <p>March 2016</p>	<p>Property Assets and Property Maintenance to review corporate property leases and record where there is still a requirement to undertake statutory compliance works.</p>



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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	<b><i>Risk: Demonstrate that statutory compliance is achieved for corporate buildings, including completion of the appropriate and timely compliance inspections by accredited suppliers and remedial works to address defects as necessary.</i></b>			
2.4	<p>Prior to transfer of the statutory compliance service from Capita back to the Council there were no contracts in place to support the procurement of statutory compliance inspection surveys.</p> <p>A lifts contract was entered into by Capita until March 2014 but was not been assigned to the Council on transfer of the service back to the Council. However, the contract continues to be used by Property Services to call off lift inspections and remedial work.</p> <p>Following reorganisation Property Services have had a large amount of works, services and supplies that need to be put out to the market. At this time statutory inspection contracts are being tendered for lifts and water quality. However, a programme of other disciplines pending going out to tender is not in place. In the meantime orders are placed for statutory inspections that are not supported by relevant terms and conditions to ensure that statutory compliance standards are met.</p> <p>From testing accredited suppliers have been used to conduct statutory compliance inspections and remedial works across a sample of six corporate buildings. However, there is no specification or evaluation process in place to ensure that accredited suppliers are used for all statutory compliance inspections and remedial works.</p>	<p>Produce a procurement plan to include the tendering of the corporate buildings statutory compliance inspections and remedial works.</p> <p>A procurement specification and evaluation process should be put in place to ensure that only accredited suppliers conduct corporate building statutory inspections.</p> <p>Appropriate terms and conditions should be affixed to contracts to ensure inspections and remedial works are performed to the relevant statutory standard and frequency.</p> <p><b>Priority: High</b></p>	<p>Head of Property Maintenance</p> <p>June 2015</p>	<p>A procurement plan is to be put together for statutory compliance works, which will be monitored on a quarterly basis to check on progress and implementation.</p> <p>Internal trade resources are to be increased to deliver non-specialist servicing, testing and inspection in-house.</p> <p>Specification and evaluation of tenders is to be supported by the Property Maintenance Capital Contract Management team.</p> <p>Contracts are to include details on the minimum standard and frequency times for the different elements of work..</p> <p>Monitoring is to be undertaken to check that accredited suppliers carry out all statutory compliance servicing, testing and inspection works.</p>

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	<b>Risk: Demonstrate that statutory compliance is achieved for corporate buildings, including completion of the appropriate and timely compliance inspections by accredited suppliers and remedial works to address defects as necessary.</b>			
2.5	<p><b>General – Compliance with Financial Regulations</b></p> <p>It is evident from checking the certification of supplier invoice payments that pre and post remedial work inspections are not being conducted. It is therefore not possible to ensure that remedial works in the first instance or to justify the subsequent payment of supplier invoices.</p> <p>Invoice payments are being authorised in the absence of goods/services being certified as satisfactory. The requirement to certify works as being satisfactorily completed has not been completed in accordance with Financial Regulations.</p> <p>The Senior Services Building Engineer has attributed this to a lack of staff capacity.</p> <p>This represents a risk of fraud, corruption and bribery.</p>	<p>A sample of defects arising from inspections and remedial works should be inspected to ensure that remedial works are justified before placing orders for remedial works.</p> <p>Post inspection checks should be conducted on a sample of remedial works completed to ensure these are delivered to a satisfactory standard. This is required to support the certification of payment.</p> <p><b>Priority: High</b></p>	<p>Head of Property Maintenance</p> <p>April 2015</p> <p>December 2015</p>	<p>A post-inspection regime is to be introduced as part of the contract management.</p> <p>Documented records are to be held on the Open IT system.</p>



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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	<b>Risk: Demonstrate that statutory compliance is achieved for corporate buildings, including completion of the appropriate and timely compliance inspections by accredited suppliers and remedial works to address defects as necessary.</b>			
2.6	<p><b>Zurich Municipal statutory inspections.</b></p> <p>Zurich Municipal (ZM) is the Council's insurer. ZM is also commissioned through the corporate insurance agreement to conduct independent and periodic statutory inspections for boiler, lifting and fragmentation equipment insured at Council corporate premises, to demonstrate due diligence.</p> <p>In the event that there are any serious defects of equipment inspected by ZM the company will decommission it and withdraw insurance indemnity until the necessary remedial action is taken. To date ZM has not needed to take this action for any equipment on the Council's corporate building premises.</p> <p>ZM provide on-line statutory inspection reports to the Council, using their web-based CRIMSON management information system. There are named responsible officers who have been given access to the CRIMSON system, however the reports are not being managed and monitored by designated officers to ensure and any defects are effectively managed. At the time of field work in October 2014 none of the inspection reports across corporate properties had been effectively treated to demonstrate that any defects identified by ZM had been satisfactorily resolved.</p>	<p>Implement the following actions which were determined and agreed during the audit:</p> <ul style="list-style-type: none"> <li>Property Services should receive any relevant defect reports following ZM inspections at corporate properties.</li> <li>A designated officer in Property Services should amend the status report on CRIMSON to 'complete' once defects works are finalised satisfactorily.</li> <li>Any other property reports should be managed initially by the Insurance and Claims Officer who will e-mail these onto the relevant officer responsible for the respective site.</li> <li>The Insurance and Claims Officer should set the status for these defects to 'requires action' and request an e-mail response from the responsible person to confirm satisfactory completion of the works. On receipt of the confirmation notice the relevant inspection report in CRIMSON should be changed to status 'complete' by the Insurance and Claims Officer.</li> <li>An annual report should be generated from CRIMSON for corporate buildings to demonstrate that any defects identified during the year have been remedied.</li> </ul> <p><b>Priority: High</b></p>	<p>Head of Property Services in conjunction with the Insurance Manager</p> <p>August 2015</p>	<p>Actions to be implemented as per recommendations.</p> <p>First annual report and review meeting planned to take place with Infrastructure Assets team Aug 2015.</p>

## Swindon Internal Audit Services: Corporate Buildings - Statutory compliance

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	<i><b>Risk: Demonstrate that statutory compliance is achieved for corporate buildings, including completion of the appropriate and timely compliance inspections by accredited suppliers and remedial works to address defects as necessary.</b></i>			
2.7	<p><b>General finding</b></p> <p>In the event that a statutory inspection identifies that a boiler needs attention this work is currently not linked to the property condition survey. The property condition survey may show that the boiler is at the end of its life and therefore not economically viable to repair. If a replacement boiler is programmed as part of a capital programme bid this could be timed to replace the defective boiler.</p> <p>At present any defects identified from inspections are undertaken as they are reported but this may be at odds with the ranking criteria in the condition survey and conducted at the cost of higher priority works. This could result in inconsistent treatment of risks and not achieving the most effective use of resources within the Council.</p>	<p>The awareness and benefits of linking corporate buildings statutory compliance inspections and defects work with the property condition surveys should be communicated to all relevant staff.</p> <p>The means of effectively securing this process should be determined so to ensure a standard and consistent approach is adopted to secure effective use of resources.</p> <p><b>Priority: Medium</b></p>	<p>Head of Property Maintenance in conjunction with the Head of Operational Property</p> <p>September 2015</p>	<p>Pro-forma to be developed to itemise and refer components to be replaced on the capital repairs and maintenance programme from statutory servicing, testing and inspection regimes.</p> <p>Service area leads for statutory compliance and capital contract management are to review risks arising from statutory servicing, testing and inspection regimes on a monthly basis and re-prioritise capital repairs and maintenance works as necessary.</p>

## Swindon Internal Audit Services: Corporate Buildings - Statutory compliance

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	<b>Risk: Demonstrate that statutory compliance is achieved for corporate buildings, including completion of the appropriate and timely compliance inspections by accredited suppliers and remedial works to address defects as necessary.</b>			
2.8	<p><b>General finding – clarity of building statutory compliance responsibilities</b></p> <p>From sample testing of six buildings deemed as corporate buildings by Property Services the lease agreements were found for all except one building i.e. Brunel West multi-storey car. Tracing this car park back to the property asset register it was found to be an Operational Property so does not require a lease. The building statutory compliance responsibility is shown to be with Highways and Transport.</p> <p>In testing of landlord statutory compliance responsibilities set out in the Enterprise Works lease there was a clarification raised during the audit by the tenant organisation, SEQOL. This was regarding responsibility for conducting statutory compliance checks for ventilation equipment that SEQOL installed for operating a workshop on site. Whilst the lease states the landlord is responsible for ventilation extraction equipment this relates to landlord only equipment. The Head of Operational Property advised the Auditor that this matter had been previously queried by SEQOL and she had verbally confirmed that SEQOL is responsible for statutory compliance of workshop ventilation equipment which they have installed to conduct their business.</p>	<p>See recommendations in action plan points 1.1 regarding the classification of multi-storey car parks and also 1.2 for production of a matrix setting out roles and responsibilities for Council owned building statutory compliance roles and responsibilities.</p> <p>The Head of Operational Property should confirm, in writing, to SEQOL that as tenant of Enterprise Works they are responsible for the statutory compliance of ventilation equipment which they have installed for the purpose of operating a workshop.</p> <p>For information, provide a copy of this correspondence to the Senior Services Building Engineer, Property Services.</p> <p><b>Priority: Medium</b></p>	<p>Head of Operational Property</p> <p>February 2015</p>	<p>Clarification on the responsibility for statutory requirement checks for the ventilation system at Enterprise Works is to be confirmed.</p>

## Swindon Internal Audit Services: Corporate Buildings - Statutory compliance

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	<i>Risk: Demonstrate that statutory compliance is achieved for corporate buildings, including completion of the appropriate and timely compliance inspections by accredited suppliers and remedial works to address defects as necessary.</i>			
2.9	The in-house asbestos removal team based at the Waterside Depot reports to the Property Maintenance Asset Manager. However, performance monitoring of the team's works is not formally reported to demonstrate effective use of resources.	<p>Evaluate a means of measuring and monitoring the effectiveness of the in-house asbestos team to measure the effective use of resources.</p> <p>In light of a large number of corporate buildings pending asbestos surveys, evaluate whether the smaller property surveys i.e. shops, could be effectively inspected by the in-house asbestos team to fit around work demand.</p> <p><b>Priority: Medium</b></p>	<p>Head of Property Maintenance</p> <p>December 2015</p>	<p>Performance monitoring reports will be implemented as part of the new Open IT system.</p> <p>The restructure of the team for the management of asbestos will increase capacity and improve performance monitoring.</p> <p>A review will take place when the new asbestos manager is appointed to assess the level of resources required for asbestos removal type works.</p> <p>The asbestos removal manager has reviewed the capacity, capability and flexibility of the asbestos removal team, and concludes that they could not effectively undertake re-inspections.</p>

## Swindon Internal Audit Services: Corporate Buildings - Statutory compliance

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
3	<b><i>Risk: Relevant compliance information and records are kept up to date for statutory compliance requirements in corporate buildings.</i></b>			
3.1	<p>As part of the transfer of Capita Services back to the Council the data base of property compliance information did not transfer as this was held on a Capita Services, companywide management information system, Infomatrix. Currently, two separate spreadsheets are maintained for corporate properties statutory compliance i.e. one by the asbestos team (Waterside) and the other by the Property Services Statutory Compliance Officer. The spreadsheets can be used to report the performance of inspections conducted. However, it does not have the functionality to plan, monitor, report and track statutory compliance requirements for all corporate buildings. Copies of inspection reports/certificates are filed independently of the spread sheets. Whilst these documents could be found for the test sample it is a labour intensive process and prone to time delays in receipt and recording of information.</p> <p>At this time, it is not possible to provide assurance to management that risks/issues are effectively managed and mitigated or escalated on a timely basis for executive decision making. The Council could be subject to and found guilty of a Corporate Manslaughter Charge.</p> <p>Property Services raised orders to contractors for the supply of corporate buildings statutory compliance inspections through the Open Housing system. The service is currently acquiring a new module to apply to this system to manage information system for corporate buildings statutory compliance. This is expected to bring into operation a system which will be used to plan and arrange inspections with contractors, performance track and report and monitor the status of the various statutory compliance inspections and defects for corporate properties. However, the Property</p>	<p>Evaluate and implement the most effective integrated / operable management information system(s) to plan, monitor, report and track statutory compliance requirements, including asbestos, for all corporate buildings.</p> <p>The status and level of risk for compliance against each corporate property and relevant disciplines (to comply with legislation and approved codes of practice and guidance) should be provided.</p> <p>Standard and regular management reports should be produced and monitored by responsible officers and action taken where necessary.</p> <p>Priority: High</p>	<p>Head of Property Maintenance</p> <p>December 2015</p>	<p>The Open IT system is currently used for initiating statutory compliance work orders for premises.</p> <p>The Open IT system is to be used to plan works for servicing, testing and inspection regimes for corporate and operational premises.</p> <p>The Master query function or bespoke reports are to be put together to monitor and track progress with statutory compliance works.</p> <p>Quarterly reports are to be put together and monitored through Property Assets Infrastructure team with exception reports to Corporate Board.</p>

## Swindon Internal Audit Services: Corporate Buildings - Statutory compliance

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
3.1 cont.	<p>Maintenance Asset Manager has advised that this system is not ideal for the management of asbestos albeit that this has not been formally documented as to the reasons.</p> <p>The former management of Swindon Commercial Services procured a specific asbestos management system called Teams which has not yet been utilised. The Property Maintenance Asset Manager would like to utilise and link the Teams application to the Open Housing System. However, this would need to be linked with the Open Housing system and currently it is outside the scope of the systems reintegration work.</p>		March 2016	Asbestos reports are to be compiled from the Teams survey software and asbestos records are to be held on the Open IT system to maintain an Asbestos Register.

## Swindon Internal Audit Services: Corporate Buildings - Statutory compliance

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
3	<b><i>Risk: Relevant compliance information and records are kept up to date for statutory compliance requirements in corporate buildings.</i></b>			
3.2	<p>Currently, statutory compliance performance indicators are produced periodically by Property Services i.e. percentage of corporate and operational buildings with a:</p> <ul style="list-style-type: none"> <li>• valid gas certificate</li> <li>• valid electrical certificate in accordance with BS7671</li> <li>• fire alarm testing carried out in accordance with BS5839</li> <li>• Passenger Lifts tested in accordance with the Lifting Operations and Lifting Equipment (LOLER) regulations</li> </ul> <p>In addition to the above there is also performance information available for the number /percentage of asbestos surveys completed. However, there is no performance reporting and monitoring of defects following statutory compliance inspections to ensure these are managed appropriately.</p> <p>Also, monitoring and management of corporate buildings asbestos registers is not reported to indicate the level of compliance or any action planning where necessary.</p> <p>A Property Services risk register is not in place to capture emerging risks and issues including any relating to corporate buildings statutory compliance.</p>	<p>Based on the level and nature of recommendations made in this report implement a robust quality assurance process. This should form an integral part of the management assurance process for the service in reporting, monitoring and managing performance and risk.</p> <p>Implement and maintain a service risk register to effectively manage emerging risks and issues.</p> <p>Review the appropriateness of the set of performance indicators for the statutory compliance of corporate buildings and benchmark other organisations for best practice.</p> <p>Evaluate producing performance indicators for all relevant building statutory compliance inspections by discipline and recommended inspection frequencies.</p> <p>Ensure performance is measured and monitored against:</p> <ul style="list-style-type: none"> <li>• the agreed plan of inspections</li> <li>• defects for remedial action and maintaining up to date asbestos registers on sites.</li> </ul> <p><b>Priority: High</b></p>	<p>Head of Property Maintenance</p> <p>December 2015</p>	<p>The statutory requirement for servicing, testing and inspection for corporate premises is currently reported through quarterly Housing LPAR meetings.</p> <p>Reporting and monitoring is to be undertaken though the newly formed Infrastructure Assets team.</p> <p>Performance indicators are to be reviewed and updated in line with other good practice.</p> <p>Dashboard to be reported to Delivery Leadership Group on a monthly basis</p> <p>Quarterly review meetings are to be held with the Infrastructure Assets team.</p>

### Standard Audit Opinions

The audit opinion is based on two different criteria the first is the materiality of the system and its impact on the Council if there was a system failure. This has been spilt into High, Medium or Low.

The second criteria, is the standard of control found within the system audited. This has been categorised into 4 different levels i.e. high; satisfactory; significant improvements required and, fundamental weakness. Each of these categories has a standard opinion (see below).

The combination of these two factors gives an overall risk assessment to the Council of one of four scores i.e. significant, of concern, moderate or minimal (see Overall Opinion section in the main report).

Standard Audit Opinions on System Control
<p><b>Audit Opinion 1. <i>High standard</i></b></p> <p>The auditor completing the review concluded the significant system controls are in place and operating effectively and only minor recommendations have been made.</p>
<p><b>Audit Opinion 2. <i>Satisfactory standard</i></b></p> <p>The auditor completing the review concluded that most of the significant controls are in place and operating satisfactorily although some non-compliance was identified and therefore there is scope for improvement.</p>
<p><b>Audit Opinion 3. <i>Significant improvements required</i></b></p> <p>The auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.</p>
<p><b>Audit Opinion 4. <i>Fundamental weaknesses identified</i></b></p> <p>The auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.</p>



## Acknowledgements

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<b>Name</b>	<b>Job Title</b>
Gerry O'Connor	Head of Property Maintenance
Keith Hooker	Electrical and Mechanical Engineer
Richard Burgess	Senior Services Building Engineer
Lester Powell	Compliance Officer
Paul Yeomans	Property Maintenance Asset Manager
David Huckin	Asbestos Surveyor
Chris Harvey	Asbestos Removal Manager
Richard Kemp	Health and Safety Lead
Lunsworth McKenzie	Health and Safety Advisor
Kieran Cole	Health and Safety - Business Services and Support
Dean Williams	CDMC/Health and Safety Advisor
Michelle Kendall	Systems Development Manager
Kathy Sherratt	Head of Operational Property
Claire Thompson	Insurance and Claims Officer
Marcus Szczepanek	Principal Quantity Surveyor
Alan Frost	Bridges and Structures Engineer
Dawn Woollard	Head of Parking Services
Dave Smith	Link Centre Maintenance Manager
Simon Billingham	SEQOL, Community Equipment and Wheelchair