

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager **SUBJECT:** Asbestos Management

TO: Head of Housing and Property Services
Asset Manager
Repairs Manager **DATE:** 1 September 2016

C.C. Chief Executive
Deputy Chief Executive (BH)
Head of Finance

1 Introduction

- 1.1 In accordance with the Audit Plan for 2016/17, an examination of the above subject area has been completed recently and this report is intended to present the findings and conclusions for information and action where appropriate.
- 1.2 Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2 Background

- 2.1 Asbestos Management was introduced on to the Internal Audit Plan as a discrete assignment from April 2016. This was partially in response to issues arising from a special investigation undertaken in late 2013 into the procurement and management of asbestos consultancy services. The findings of this investigation were ultimately reported to the Council's Executive.
- 2.2 As owner of a diverse portfolio of residential, operational and commercial properties, the Council has a statutory duty to actively manage threats from asbestos (actual and potential). The need for a dedicated full-time officer post to oversee an asbestos management programme was recognised as far back as 2010, but failure to recruit via internal processes meant a succession of interim arrangements that continued up to 2015. These included specialist agency staff placements and relatively short-lived contracts for specialist asbestos services.
- 2.3 Following a competitive tendering process, in consultation with the Procurement Team, two contracts were let for an initial period of five years effective from September 2015. One was for asbestos survey and testing while the other was for asbestos removal. Both contracts remain in force at the time of this report.

3 Scope and Objectives of the Audit

3.1 The audit examination was undertaken for the purpose of reporting a level of assurance on the adequacy of current structures and processes in place to manage asbestos hazards economically, efficiently and effectively in accordance with statutory requirements and applicable regulatory provisions.

3.2 The examination took the form of an evidential overview of structures and processes focusing on the following areas:

- planning and organisation
- record keeping
- contract administration.

3.3 The review considered mitigations and actions against asbestos related risks, as provided for in the Housing and Property Services Risk Register, in the context of the above areas.

3.4 The procurement processes leading to the award of the two aforementioned contracts were not examined within the scope of this review.

3.5 The findings are based substantially on discussions with the Repairs Manager and Contract Administrator (Asbestos) combined with examination of supporting documents and records. Analysis and testing of data from the MIS Repairs System, Total FMS and the cloud-based Asbestos Register was also performed.

4 Findings

4.1 Developments Following Special Investigation

4.1.1 Although the investigation report of 2013 included several recommendations, the issues from which they arose have been overtaken by events making them now of historic relevance only. Since the investigation, interim management and contractual arrangements continued alongside a period of organisational restructure.

4.1.2 This included engaging a replacement temporary Asbestos Manager, through the Council's nominated recruitment agency, on a tenure that lasted eighteen months being finally terminated in January 2016. Records of procurement activity during that tenure involve an asbestos consultancy company of which the Asbestos Manager was (and still is) a director, indicating questionable practices with some similarities to those of her predecessor described in the investigation report.

4.1.3 In parallel with this was the adoption of a cloud-based property risk management system that was to host the asbestos register. In addition to the charges from the system provider of £9,090 for setting-up and one year's hosting, the Council would ultimately incur £27,280 in payments to the said asbestos consultancy for back-loading data and document attachments relating to approximately 2,000 surveys that had been performed under the interim contract.

- 4.1.4 The way in which this work was ordered raises questions as to whether the overall project was ever properly costed - the initial purchase order for £2,980 (raised in Total) would be supplemented over a period of eight months by eight further orders with an accumulated value of £31,800. At the time of the audit, the most recent of these orders was still only part-cleared with a potential further payment of £4,520 (the Repairs Manager was notified of this and responded that the order would be cancelled with immediate effect).
- 4.1.5 Further commissions from the company included an order raised in June 2015 for asbestos surveys with a total value of £8,450. In the event only £2,700 was paid (for 20 surveys prior to the current contracts coming into force), before the order was cancelled.
- 4.1.6 While the Council's association with the former Asbestos Manager and her consultancy company had been effectively severed by the time of the audit, their imprint was still visible in parts of the Asbestos Management Plan and the commissioning process for the contracted services (discussed further in Section 4.2 'Planning and Organisation').
- 4.1.7 The management framework in its current form began to crystallise with the appointment of a dedicated Contract Administrator in July 2015 and the commencement of the two asbestos contracts in September 2015. There is no known evidence to suggest any association between the former Asbestos Manager's company and the successful tenderers.
- 4.1.8 Ironically, the aforementioned cloud system which had proved so costly to the Council was ultimately abandoned in favour of an alternative solution that became available at no cost under the new survey contract.
- 4.1.9 At the time of the audit, a procurement exercise was being undertaken for ad-hoc asbestos consultancy services on an initial twelve month contract with the tender evaluation stage imminent at the time of this report.

4.2 **Planning and Organisation**

- 4.2.1 The centrepiece of the management system is the Asbestos Management Plan. The current Plan dates from February 2016 and is based on a draft provided by the former Asbestos Manager in the previous month.
- 4.2.2 The document comes across as mostly sound and well structured, but requires further tailoring to address certain critical shortcomings. In particular, the provisions on roles, responsibilities and training refer to generic job titles that do not reflect the actual management structure or established post titles (the range of job roles as presented suggests a larger organisation than the Council).
- 4.2.3 Additionally, the Plan does not make clear who is designated as the Appointed Person (i.e. the senior representative of the Council as 'dutyholder' under the Control of Asbestos Regulations 2012). Guidance produced by the Health and Safety Executive (HSE) highlights this as an essential designation for organisational 'dutyholders' with large and complex building portfolios.

Risks

- **Officers and managers are not clear on their respective roles and responsibilities in asbestos management.**
- **Confidence of senior management in the asbestos management system is impaired.**

Recommendations

- (1) The Asbestos Management Plan should be tailored to ensure that all officer posts specified use the actual established post titles, and should be signed off by the holders of those posts.**
- (2) An 'Appointed Person' as defined by the HSE should be designated and the post of which the appointee is holder specified in the Asbestos Management Plan.**

- 4.2.4 The Asbestos Management Plan contains a survey and removal strategy statement which combines responsive aspects (e.g. voids, minor works, reported concerns, etc.) with project-based input (demolitions/major refurbishment). Enquiries and walkthrough testing have confirmed that the programme of surveys, re-inspections and removal works operates in line with the strategy. The programme is co-ordinated by the aforementioned Contract Administrator under the line management of the Repairs Manager.
- 4.2.5 As an illustration of the imprint still showing of the former Asbestos Manager and her consultancy company on the management system, form templates for survey and removal requests continued to use that company's details for requesting technical advice. These were removed at the time of the audit and there is no evidence that the company was ever contacted by the contractors for that purpose.
- 4.2.6 Asbestos awareness training for relevant staff and contractors is an essential component of asbestos management and the Asbestos Management Plan includes a training matrix and outline specifications accordingly. However, the use of generic job titles unrelated to the actual staff structure is also evident in the matrix.
- 4.2.7 Although there is evidence in the documentation seen of training activity, no authoritative log of asbestos-related training has come to light (this is despite reference to a training log in the Housing and Property Services Risk Register and a commitment to ongoing monitoring of such training).

Risk

The Council is unable to demonstrate adequate asbestos awareness training if challenged.

Recommendation

Records of all asbestos awareness training going back a suitable period should be compiled and continually maintained with all future training logged.

- 4.2.8 Awareness initiatives for stakeholders (in particular housing tenants) are mentioned in both the Risk Register and the Asbestos Management Plan, but there is a clear divergence of approach between them and in neither case is there evidence of the initiatives being implemented as described.
- 4.2.9 The Risk Register refers to regular information articles on asbestos in tenants' newsletters as a mitigation measure in force (as at the last update). A search of back issues over the past three years failed to produce any evidence of this. The Plan refers to a tenants' leaflet of which printed copies were found to exist but with a different title. The contact details on the leaflet were found to be outdated and no electronic version of the leaflet could be located on the Council's web resources. It was advised that the leaflet was being updated and would be re-printed for issue on request.
- 4.2.10 Some information resource was found on the Council's website (Council' Housing) page and in the Tenants' Handbook, although the latter contains out-of-date contact details and contractor name. It was later discovered that the Handbook was being updated at the time of the audit and all reference to asbestos has been removed in the latest draft.
- 4.2.11 Asbestos information resources on the website are dominated by guidance posted by the Regulatory Services Team in Health and Community Protection and include a separate booklet for homeowners and occupiers. Thinking in terms of the 'One Council' principal and the 'Digital by Default' agenda, a joined up approach to asbestos information for stakeholders may be called for here.

Risk

Council stakeholders are not provided with appropriate information to help them understand how asbestos risks affect them.

Recommendation

The approach to promoting asbestos awareness among stakeholders (including tenants) should be clarified and consideration given to a joined-up approach between Housing and Property Services and Health and Community Protection.

4.3 Record Keeping

- 4.3.1 Central to an asbestos management system is the Asbestos Register that records approved surveys undertaken on the Council's properties and supports scheduling of re-inspection and decision making on remedial works based on risk scores. To replace the abandoned cloud system, the Council now has use of a web portal into the survey contractor's database (itself cloud based).
- 4.3.2 Whilst this has been pre-populated with all applicable site data (7,199 records), only surveys carried out under the current contract are recorded (around 1,200 sites to date). It was advised that a download has been taken of the survey data on the abandoned system and the feasibility of uploading this to the current database is being explored at the time of this report.

- 4.3.3 All commissioning of surveys and asbestos removal work is progressed through the raising of job orders in the MIS ActiveH Repairs system (mainly based on pre-tendered schedules of rates) and payments exported to Total supported by monthly valuation certificates and contractors' invoices. This makes for a suitably transparent process trail with appropriate checks and authorisations clearly evident.
- 4.3.4 Cross-matching of data between MIS ActiveH, Total and TEAMS covering from the inception of the contract to date confirmed that:
- there has been no duplication of payment on MIS orders;
 - all payments to date match up to valid MIS orders at the correct values;
 - the asbestos register survey database accurately reflects the survey work shown as completed in MIS.
- 4.3.5 There were significant instances of MIS orders left hanging for excessive periods and multiple survey and remedial work orders for the same sites in evidence from the testing. In the case of surveys, the majority show time intervals that signify bona-fide re-inspections, although some showed 'hanging' orders as being potential duplicates of completed orders raised around the same time. The cases of multiple remedial work orders mostly represent follow-up orders for additional work, although a small number of cases point to possible duplication in evidence.
- 4.3.6 The details of these have been referred to the Contract Administrator for investigation and feedback. Some outstanding orders have already been deleted as a result, including one that included a mis-keyed Schedule of Rates code that would have added approximately £1,700 to the £1,009 duplicate overpayment had the order been released for payment.

4.4 **Contract Administration**

- 4.4.1 It was confirmed that both contracts have been duly signed off, in each case by both parties, and regular client/contractor communication has been established as evidenced by minutes of meetings. Ordering and payment arrangements were confirmed as operating according to the terms of the contracts.
- 4.4.2 However, the meeting minutes show only operational matters discussed and key elements of contract and performance monitoring provisions specified in the terms and conditions have yet to manifest themselves.
- 4.4.3 In particular, no recorded evidence could be found of:
- period reporting by the contractors
 - measurement against pre-specified Key Performance Indicators (KPIs)
 - Council and joint client/contractor inspection visits
 - any reference to quarterly performance monitoring results in client/contractor meetings.
- 4.4.4 In post-audit discussions, it was advised that period reports from the contractors were starting to emerge.

4.4.5 The Procurement Team produced a set of KPIs with guidance for each contract prior to their inception, but these are generic ones that have not been developed further.

Risk

Management is not kept properly abreast of contract performance based on accurate and relevant data.

Recommendation

Performance monitoring and reporting arrangements should be implemented in accordance with the terms of the contracts.

4.4.6 Appropriate budget monitoring is in evidence using a computerised spreadsheet model updated monthly. The outturn to date shows indications of a potential overspend for the current year, although a history of substantial fluctuations in expenditure month by month make the full year expectations difficult to predict.

5 Conclusions

5.1 Levels of assurance are applied based on the following bands:

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

5.2 On that basis, the findings of this examination support only a MODERATE degree of assurance that the management of asbestos hazards is effectively managed. That said, the findings represent a substantial improvement over the position reported at the time of the 2013 investigation.

5.3 The key factors qualifying the level of assurance are:

- an Asbestos Management Plan that is not in harmony with actual management structures including no designation of the Appointed Person;
- no evidence from which to verify that awareness training has been implemented in accordance with the Asbestos Management Plan;
- performance monitoring and reporting routines specified in the terms of the asbestos survey and removal contracts not implemented.

6 **Management Action**

- 6.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Asbestos Management – June 2016

Report Ref.	Recommendation	Risk(s)	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.3	The Asbestos Management Plan should be tailored to ensure that all officer posts specified use the actual established post titles, and should be signed off by the holders of those posts.	<ul style="list-style-type: none"> Officers and managers are not clear on their respective roles and responsibilities in asbestos management. Confidence of senior management in the asbestos management system is impaired. 	Medium	Head of Housing and Property Services	The Asbestos Management Plan will be updated and amended to implement the recommendation, with officers and managers advised accordingly so that they are made clearly aware of their role and responsibilities.	October 2016.
4.2.3	An 'Appointed Person' as defined by the HSE should be designated and the post of which the appointee is holder specified in the Asbestos Management Plan.		Medium	Head of Housing and Property Services.	H&PS will therefore work with the Council's Health and Safety Co-ordinator to determine the most appropriate post and for that post-holder to be given the information and understanding they will need to fulfil that role.	December 2016.

Report Ref.	Recommendation	Risk(s)	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.7	Records of all asbestos awareness training going back a suitable period should be compiled and continually maintained with all future training logged.	The Council is unable to demonstrate adequate asbestos awareness training if challenged.	Low	Asset Manager	This recommendation will be progressed. A training register for Housing & Property Services is now in use and has been populated with the most recent training records.	September 2016.

Report Ref.	Recommendation	Risk(s)	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.11	The approach to promoting asbestos awareness among stakeholders (including tenants) should be clarified and consideration given to a joined-up approach between Housing and Property Services and Health and Community Protection.	Council stakeholders are not provided with appropriate information to help them understand how asbestos risks affect them.	Low	Asset Manager/ Repairs Manager	H&PS is introducing a different approach to engagement with its clients (including tenants) that is more personal and takes advantage of e-communications. This process has taken some time to introduce and focus has been on moving the previous printed newsletter and Tenant Panel to this wider, more varied approach. The dissemination of asbestos awareness will now be given enhanced status within engagement work (for example inclusion in Tenant Welcome Packs).	December 2016.

Report Ref.	Recommendation	Risk(s)	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.4.4	Performance monitoring and reporting arrangements should be implemented in accordance with the terms of the contracts.	Management is not kept properly abreast of contract performance based on accurate and relevant data.	Medium	Repairs Manager	Contract management in the early stages of the contract has focused on developing our working and operational relationships with the contractors and the role of Asbestos Contract Co-ordinator, a new role. Now that the relationship and the role are better established, more focus can and will be given to contract performance management.	December 2016

* Risk Ratings are defined as follows:

- High Risk: Issue of significant importance requiring urgent attention.
- Medium Risk: Issue of moderate importance requiring prompt attention.
- Low Risk: Issue of minor importance requiring attention.