

## INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager      **SUBJECT:** Asbestos Management  
**TO:** Deputy Chief Executive (BH)      **DATE:** 17 September 2018  
**C.C.** Chief Executive  
Head of Finance  
(Interim) Asset Manager  
Repairs Manager  
Portfolio Holder (Cllr Mobbs)

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### 1 Introduction

- 1.1 In accordance with the Audit Plan for 2018/19, an examination of the above subject area has been undertaken and this report presents the findings and conclusions drawn from the audit for information and action where appropriate. This topic was last audited in September 2016.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

### 2 Background

- 2.1 The audit undertaken in September 2016 was the first specific audit of Asbestos Management. However, special investigations had previously been undertaken in late 2013 into the procurement and management of asbestos consultancy services.
- 2.2 The Council has a statutory duty to actively manage threats from asbestos (actual and potential) as the owner of a diverse portfolio of residential, operational and commercial properties.
- 2.3 Following a competitive tendering process contracts for asbestos survey and testing (Tersus), and asbestos removal (Shield) were let for an initial period of five years effective from September 2015. Both contracts remain in force at the time of this report.

### 3 Scope and Objectives of the Audit

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 In terms of scope, the audit covered the following areas:
- Planning and organisation
  - Record keeping
  - Contract management

- Insurance and risk management.

3.3 The audit programme identified the expected controls. The control objectives examined were:

- The Council is able to demonstrate that it can deal with asbestos within its properties
- Asbestos within properties is safely managed
- Staff are able to deal with asbestos appropriately
- Tenants are aware of how to deal with asbestos in their properties
- The Council is aware of where asbestos is present and how it has been dealt with
- The Council and the contractors are aware of the services to be provided and the standards to which these services should be performed
- The appointed contractors remain able to undertake contracted works
- Works are undertaken to agreed standards
- Permanent changes to the contracts are formally agreed
- The Council only pays for work that has been previously agreed
- Budget variances are limited as the budgets are set appropriately in line with known areas of income and expenditure
- The Council is aware of any potential budget variances
- Payments are valid and accurate and processed in accordance with the appropriate conditions of contracts
- The Council will not be liable for any claims received due to the work of a contractor
- Management and the contractors are aware of the risks associated with the provision of services.

3.4 As the contracts had been in place at the time of the previous audit, the scope of this audit did not include the procurement process which had been followed in relation to the appointment of the two relevant contractors.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the audit reported in September 2016 was reviewed. The current position is as follows:

Recommendation	Management Response	Current Status
1 The Asbestos Management Plan (AMP) 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.	The AMP 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.	The latest AMP contains details of specific staff within the Council (along with their appropriate job titles) that have been assigned specific roles.

Recommendation	Management Response	Current Status
2 An 'Appointed Person' as defined by the HSE should be designated and the post of which the appointee is holder specified in the AMP.	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.	As per the above, the AMP includes details of the designated 'Appointed Person'.
3 Records of all asbestos awareness training going back a suitable period should be compiled and continually maintained with all future training logged.	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.	Training registers are now in place for both staff and contractors.
4 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.	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).	The Contracts Administrator (Asbestos) advised that all new tenants are given copies of their asbestos surveys and tenants wishing to undertake work at their properties are advised to contact the Council to ascertain whether asbestos is present.
5 Performance monitoring and reporting arrangements should be implemented in accordance with the terms of the contracts.	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.	Key Performance Indicators are to be introduced which will allow performance to be monitored formally and reported upon.

## 4.2 **Planning & Organisation**

- 4.2.1 The Council has an Asbestos Management Plan (AMP) in place. The latest version held contains a number of review points which show that the document has been reviewed and updated, although this was undertaken in November 2017. It was also noted that a number of targets included within the document had been missed.
- 4.2.2 The Contracts Administrator (Asbestos) (CAA) advised that a review meeting had been set and this was seen on his Outlook calendar.
- 4.2.3 The CAA highlighted that the current version of the AMP had been created by Oracle and had been tailored to the Council's needs. This was compared to the information held on the HSE (Health & Safety Executive) website which highlights the basic details that an AMP should cover. Upon review, it was confirmed that the Council's AMP covered these details appropriately along with additional information as necessary.
- 4.2.4 The CAA advised that there is no specific programme of surveys for all properties. Housing stock is covered as and when work is to be undertaken on the property, with an overall target of surveying every property by 2020.
- 4.2.5 At present they will be covered as part of the voids process, when a programme of works is to be undertaken (e.g. windows and door replacements), or when Property Maintenance Officers (PMOs) have undertaken an inspection for responsive repairs. The CAA suggested that the position will be reviewed as the deadline approaches (sometime in 2019) and a programme of surveys may be instigated if it appears that some properties would not be otherwise surveyed.
- 4.2.6 All corporate properties were due to have been surveyed by May 2017 according to the original AMP, with the revisions suggesting that this had been extended to April 2018. However, the CAA advised that an updated target to ensure that all operational corporate properties were surveyed by June 2018 had slipped with four properties outstanding due to access issues. However, this had now been resolved and they are due to be completed in July. The targets in the AMP will be updated during the review meeting.
- 4.2.7 As with the surveys, the CAA advised that there is no specific programme of removals / encapsulation, with works being done on a case-by-case basis following the surveys performed by Tersus.
- 4.2.8 The survey reports will include a risk rating (A to E) for the relevant elements with items coded A or B needing removal and those coded C requiring encapsulation (although they may be removed it is considered relevant / cost effective to do so).
- 4.2.9 Up-to-date training matrices are in place for both staff and contractors with these matrices being maintained by the CAA. He advised that contractors are chased for updated details and an e-learning programme is being established for relevant staff who are overdue.

- 4.2.10 He also highlighted that he and the Repairs Manager (as the Appointed Person) require further specific training, although this has not yet been undertaken.
- 4.2.11 In terms of keeping tenants aware of asbestos issues, the CAA advised that leaflets had been sent out in the past and information was available on the website although he hadn't undertaken any specific 'mailshots' since he had been in post.
- 4.2.12 However, he advised that new tenants would be given a copy of the void survey report and the letters sent out when tenants asked to undertake work on their property advise the tenant to contact the Council for information about the presence of asbestos at their property.
- 4.3 **Record Keeping**
- 4.3.1 The asbestos register is held on the Teams system hosted by Tersus. The CAA advised that the system is largely updated directly by Tersus and Shield when they have undertaken their surveys and works at properties. The CAA will subsequently check to ensure that the details / documents have been uploaded correctly when checking the invoices that have been submitted for payment.
- 4.3.2 If either contractor has been instructed to undertake works at a property and it is not on the system they will query it with the CAA. He suggested that some garage buildings are thought to be missing from the system at present.
- 4.3.3 The CAA advised that he does not have admin rights to the system, so will advise Tersus if any buildings need to be added or removed. If a Right to Buy flat sale has gone through, he will advise Tersus that the block needs to be left active.
- 4.3.4 New builds (e.g. Sayer Court) will not contain asbestos, but if the Council acquires a property (e.g. 'homeless' property at Coten End) Tersus will be advised that a survey needs to be performed and the property will then be added to the system if necessary.
- 4.3.5 The CAA provided a quick walkthrough of the system at the time of the audit and it was found to be operating as described.
- 4.4 **Contract Management**
- 4.4.1 As highlighted above, there are two formal contracts in place, with the day-to-day monitoring of the contract being undertaken by the CAA. He advised that key performance indicators (KPIs) have not yet been set but they are to be agreed shortly with the contractors following confirmation from Procurement that this would not require a formal change to the contracts.
- 4.4.2 The Chief Executive's Office Service Area Plan (SAP) contains a specific measure in relation to asbestos management, i.e. the % of corporate properties with an up to date asbestos survey.

- 4.4.3 The CAA advised that this only covers the corporate 'operational' properties at present and not the 'non-operational' or housing properties. There are separate timescales for these, with an overall deadline of 2020 for all properties to have been covered, with this target being monitored separately (e.g. via contractor meetings). The CAA advised that the measure is expected to reach 100% soon, as the four properties that haven't been covered to date are due to be undertaken this month (July 2018) after access issues have been resolved.
- 4.4.4 There are other indirect references to asbestos within the SAP via issues such as ensuring that the Council meets all health and safety requirements in respect of its housing and corporate assets.
- 4.4.5 Both contracts clearly set out which services are covered, where they are to be undertaken and the types of properties that the Council has in its portfolio along with the service delivery standards (e.g. timescales for each type of job). Method statements / standard operating procedures are also held for both contractors to detail how they will undertake the contracted works.
- 4.4.6 The CAA advised that Shield undertake licensable activities as part of their contract and, as such, are required to maintain a license with the HSE under the Control of Asbestos Regulations 2012. A copy of the license is included in each Plan of Work that is drawn up by Shield and it was confirmed that this was valid until 30 September 2019.
- 4.4.7 In order to ensure that works are being undertaken appropriately, the CAA advised that he undertakes some (ad-hoc) inspections, and these are detailed on Active H. He provided a report of (recent) inspections that he had performed to provide evidence that these are being undertaken.
- 4.4.8 The CAA also highlighted that other contractors would pick up issues (e.g. Axis would flag up if works hadn't been undertaken as expected at a void property) and would make him aware of any problems. He suggested that there had only been one case (to his knowledge) where work had not been undertaken to standard, although this had been due to a communication issue, and had been resolved as soon as it was notified.
- 4.4.9 The CAA advised that monthly meetings are held with both Tersus and Shield. Upon review of the minutes held on the network, it was confirmed that meetings are being held, although they have not always been held on a monthly basis. The CAA provide appropriate explanation for the gaps in the records and advised that the issues have been resolved with monthly meetings now taking place as planned.
- 4.4.10 Other than the planned introduction of KPIs (see above), the CAA advised that there has not been a requirement to formally amend the contracts. Whilst the contracts give an indication of the number of properties that may be covered, the contract is based on attendance, so changes such as the number of properties that the Council is responsible for would not require the contracts to be formally amended.
- 4.4.11 The CAA advised that the majority of works are covered by the contracts, although some reconstitution works are performed for fire safety purposes

with these being outside of the scope of the contracts. Quotes are received for these additional works, with the payments included within the normal Shield valuations.

- 4.4.12 Upon review of TOTAL, it was identified that the budget for this year has been reduced from approximately £645k to approximately £400k. The Principal Accountant (Housing) advised that the rationale behind this had been the changes between the previous plans to remove all asbestos and the newer plans of managing it. With this in mind, the budget for removal had been split between removal and a new 'management' code on TOTAL to allow for better monitoring of costs incurred. However, the Repairs Manager and the CAA had not been consulted on these changes.
- 4.4.13 The CAA provided copies of the spreadsheet he maintains each year for monitoring expenditure against the contracts. He highlighted that he has no direct control over costs as survey costs are determined by the number of voids and the number of properties covered under the different housing works projects etc. with removal and management costs being reactive, determined by what is found during the surveys.
- 4.4.14 With regards to the housing projects works the CAA suggested that he is not consulted when the projects are being agreed, so is generally not aware of what costs are likely to be incurred.

## **Risk**

**Budgets may be insufficient to undertake all planned and reactive works.**

## **Recommendation**

**The Contracts Administrator (Asbestos) should be consulted during the planning stages of all housing works projects.**

- 4.4.15 The CAA also advised that there had been issues with Tersus providing invoices in a timely manner in the past with jobs not being closed on the system which had had an impact on the budget figures. Spreadsheets are, therefore, being sent to both contractors to highlight the status of each open job so that action can be taken accordingly.
- 4.4.16 Payments made are based on the valuations submitted along with the invoices, with these being based on the jobs that have been closed down on Active H. The valuations are signed off as certified, checked and authorised.
- 4.4.17 Sample testing was undertaken to ensure that payments were being made to the contractors on a timely basis and that the payments made were based on the correct codes from the schedules of rates. This testing proved satisfactory.

## **4.5 Insurance & Risk Management**

- 4.5.1 The standard contract terms and conditions have been used for both contracts (Tersus & Shield) which includes requirements for:

- Public Liability (£5m)
- Employer's Liability (£5m)
- Professional Indemnity (£2m)
- Motor (£5m)

- 4.5.2 A broker's letter was provided showing details of Tersus' combined liability and professional indemnity cover along with a copy of their professional indemnity certificate which specifically mentions the fact that it is an asbestos surveyors policy. These included levels of cover above those required in the contract. A copy of their motor insurance certificate was also provided, although no specific insurance figure is included.
- 4.5.3 Details of the appropriate insurance cover for Shield were also received. Shield also include a copy of their employer's liability certificate in their standard plan of work documents.
- 4.5.4 All documents seen were in date at the time of the audit. However, with the exception of the certificate included within the plan of work, all other documents had to be requested from the contractors by the CAA at the time of the audit.

### **Risk**

**The contractors may be uninsured with any liability, therefore, falling on the Council.**

### **Recommendation**

**The contractors should be requested to provide annual evidence of their insurance cover, with the request being timetabled in line with the policy renewal dates.**

- 4.5.5 There is a top level risk register in place for the Chief Executive's Office which covers generic, cross-cutting risks that are relevant to all sections of the service area. This is then supported by 'thematic' risk registers for the different teams, including the Assets team as appropriate.
- 4.5.6 The Assets risk register was found to include relevant risks, including contractor failure and the potential for poor asbestos management practices as well as other more generic risks that could affect the service and ones where asbestos could be the trigger (i.e. health and safety risks). The register also included details of the relevant mitigation and control measures in place and the actions required to further reduce the risks. The register was updated in April 2018 and is due to be reviewed again after the Assets re-design has been implemented.
- 4.5.7 Upon review of AssessNet it was identified that there are only two assessments that make reference to asbestos (Contract Services garage in Riverside House car park and the Royal Pump Rooms). There are, however, a number of other Council properties where asbestos is present.



## **Risk**

**Staff working in Council buildings may be unaware of the existence of asbestos.**

### **Recommendation**

**Entries should be included on AssessNet for other (relevant) corporate buildings and for staff that may come into contact with asbestos containing materials during their day to day work.**

- 4.5.8 Tersus have a standard risk assessment document for their site visits, with their survey reports also showing the asbestos risks identified at each site.
- 4.5.9 Shield also have a standard risk assessment matrix covering all potential risks for each site. Shield review these for each job to ascertain whether they are relevant to the site being covered and the relevant ones are included within the plan of work with the document being signed off to show that the site has been assessed.

## **5 Conclusions**

- 5.1 Following our review, in overall terms we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Asbestos Management are appropriate and are working effectively.
- 5.2 The assurance bands are shown below:

<b>Level of Assurance</b>	<b>Definition</b>
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.

- 5.3 Minor issues were, however, identified:
- The CAA is not consulted during the planning stages of housing works projects leading to uncertainties in budget planning
  - There is no regular check of the insurance held by contractors
  - AssessNet records are lacking for a number of relevant corporate properties.

## **6 Management Action**

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

Richard Barr  
Audit and Risk Manager

**Action Plan**

**Internal Audit of Asbestos Management – September 2018**

<b>Report Ref.</b>	<b>Recommendation</b>	<b>Risk</b>	<b>Risk Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
4.4.14	The Contracts Administrator (Asbestos) should be consulted during the planning stages of all housing works projects.	Budgets may be insufficient to undertake all planned and reactive works.	Low	Individual project surveyors	Agreed – will be taken forward as part of the Asset restructure.	1 November 2018
4.5.4	The contractors should be requested to provide annual evidence of their insurance cover, with the request being timetabled in line with the policy renewal dates.	The contractors may be uninsured with any liability, therefore, falling on the Council.	Low	Compliance Administrator (revised structure)	Agreed – will be taken forward as part of the Asset restructure.	1 November 2018
4.5.7	Entries should be included on AssessNet for other (relevant) corporate buildings and for staff that may come into contact with asbestos containing materials during their day to day work.	Staff working in Council buildings may be unaware of the existence of asbestos.	Medium	Compliance Team Leader (revised structure)	Agreed but needs ITC support to develop AssessNet to accommodate Asbestos Survey.	1 April 2019

\* 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.