

Internal Audit Report
Confidential

Property Compliance Action Plan Update

July 2022

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The Councils Senior Management restructure that commenced in early 2021 set the ambition to move away from the traditional departmental Council structure. The revised Senior Management structure set out functional alignment to enable delivery outcomes clearly linked to the corporate plan, therefore delivering our mission - **to improve people's lives**.

Corporate leadership of the property estate's function transferred from Chris Major (Director of Place Management) to Simon Martin (Director Regeneration & Housing) with effect from 1st April 2022. This reflects Corporate leadership changes to create corporate and commercial estate operations. The Corporate estate service area provide the ability to move to a corporate landlord model through service transformation. The Corporate Estate function fits within the Sustainable Communities Directorate, with a clear strategic objective;

Corporate Estate will be aligned to the Council's Sustainable Communities Portfolio under the Director of Regeneration & Housing – this is to align with the strategic oversight and infrastructure plans in B&NES which will require making best use of Council land and buildings.

And vision to;

Enable the Council to manage and maintain assets in a compliant safe condition. To support our community through utilising its assets to service the needs of its residents, businesses and organisations within Bath and North East Somerset.

The tabulated Action plan risks measures identified within the February 2021 Audit have been updated to incorporate actions taken and plans in place to manage current risk and mitigate to an acceptable level. All actions are supported by documented evidence of activity to reduce risks to an acceptable level.

Simon Martin, Director Regeneration & Housing

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Action Plan

HIGH RISK EXPOSURE				
	Weakness Found	Implication of Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
H1	<p><u>Governance – Lack of clarity relating to role and responsibility of groups providing Scrutiny of Property Compliance</u></p> <p>The membership, role and responsibility of governance groups including Property Board and Health Safety & Welfare Steering Committee (that have a role in monitoring property compliance responsibilities) is not clearly recorded and adopted to provide a sound system of governance.</p>	<p>Ineffective scrutiny and monitoring.</p> <p>Compliance failures – financial and reputational loss</p>	<p>Formal Terms of Reference (TofR) should be documented and adopted by both Property Board and the Health Safety & Welfare Steering Committee. The TofR should at minimum record for each Board / Committee:</p> <ol style="list-style-type: none"> 1) Specific role / responsibilities. 2) Membership 3) Reporting Officers 4) Frequency of Meetings 	<p><u>Update July 2022</u></p> <p><u>Health, Safety and Wellbeing</u> Meeting are taking place on a monthly basis. These meetings are attended by senior officers and the purpose is to ensure that HSWB committee are well sighted on current gaps in compliance and control measures in place.</p> <p><u>Property Board</u> – It is recommended that the Property Board will supersede the Property Review Project Board. The proposed terms of reference are attached. Compliance will be a standard agenda item and will provide gateway sign off and management oversight.</p> <p><u>Monthly Property Health and Safety</u> – These meetings are attended by officers from Commercial & Corporate property teams and Health & Safety colleagues. The purpose of the meeting is to discuss health & safety / property compliance issues.</p>

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<p>H2</p>	<p><u>Governance – Inadequate reporting to management / groups on Property Compliance responsibilities</u> A review of the minutes of two key governance groups - Property Board, and Health Safety & Welfare Steering Committee – revealed that Property compliance reporting was ad hoc and limited to general updates. The reporting format did not enable management / group members to understand the level of risk exposure (inherent & residual) for all property compliance risk areas. Ideally management would be presented with an overall rating and then a more detailed assessment for each compliance area. This would enable those responsible for compliance to provide assurance and / or highlight areas of concern requiring action. If there were areas of concern it would provide a forum to assess the need for the allocation of additional resources.</p>	<p>Corporate Manslaughter charges. Financial loss. Reputational Loss.</p>	<p>A dashboard report needs to be developed to provide:</p> <ol style="list-style-type: none"> 1) an overall assessment for each area of property compliance area. 2) A detailed analysis of risks within each area of property compliance. <p>Internal Audit would recommend that the overall assessment is presented in a tabular format for each area of property compliance area using a simple Red / Amber / Green (RAG). This could be used to then focus attention on areas of concern. A more detailed Property Compliance Risk Register should be maintained to inform the dashboard assessments. The risk register would record individual risks; actual or planned control(s) / action(s); responsible officer(s); and for implementation dates.</p> <p>Property Management should consider the use of performance measures / indicators to assist in monitoring property compliance and reporting for assurance purposes.</p>	<p><u>Update – July 2022</u></p> <p><u>Health, Safety and Wellbeing Committee</u> - Monthly updates are provided to HSWC. This is to ensure that Senior management & HSWB committee are sighted on current gaps in compliance and control measures are in place.</p> <p><u>Property Health & Safety</u> - Monthly Property Health & Safety meetings are taking place with key managers from Property and Health & Safety. The objective is to understand the risks and agree actions to mitigate. The minutes of these meetings are provided to HSWB so they are kept updated.</p> <p>There is a resourcing plan in place for interim resources.</p> <p>Funding has been identified for additional permanent posts to include a Compliance Manager, Fire Officer and engineers (mechanical, electrical & service engineers).</p> <p><u>Data Management</u></p> <p>As an interim solution in order to improve the Council's compliance data management</p>
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				<p>consideration is being given to extending the use of one of our existing data platforms (ie Planet or Zetasafe).</p> <p>A long-term system replacement is being considered. Property colleagues are working collaboratively with business Change Hub and Digital colleagues. A discovery piece of work is to be undertaken looking at a new integrated software system.</p> <p>The short-term solution is to use an existing system.</p> <p>The medium/long term solution is subject to a review of all data sets across the property teams/functions.</p> <p>This is to enable a dashboard to be pulled together from multitude data sets and move to a centralised data set/one version of the truth.</p>
<p>H3</p>	<p><u>Failure to formally assign responsibilities to qualified Officer(s)</u></p> <p>Key Property Compliance responsibilities are not formally assigned and linked to this delegation of duties; the relevant responsible officer (Chief Executive) is not provided with assurance that the Officer to be assigned the duty is professionally qualified as required by industry</p>	<p>Failure to adequately manage and monitor key compliance responsibilities. Legal penalties - Financial and reputational loss</p>	<p>An annual Property Compliance Report should be submitted to Property Board / Health & Safety Wellbeing Steering Committee recording the named responsible officer(s) for those property compliance areas requiring a 'responsible officer'. The report should confirm that the individual holds the relevant qualifications / experience to be assigned the responsibility. This report should be the basis of communications to the Council's Chief</p>	<p><u>Update July 2022</u></p> <p><u>Chief Property Officer</u> – The Head of Estates position has been deleted from the structure. There is now a Head of Commercial Estate and Head of Corporate Estate. The Head of Commercial Estate took up the position on the 1st April 2022. It is expected a new Head of Corporate Estate will be in post by 1st October 2022.</p>

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	<p>adopted best practice, e.g. HSE Approved Code of Practice L8.</p>	<p>Executive / Chief Property Officer enabling the responsibility to be formally assigned – decision register item.</p> <p>The Health Safety and Wellbeing Manager should be assigned the role of monitoring the effective assignment of responsibilities on behalf of the Chief Executive.</p>	<p>The responsibilities for the Chief Property Officer will need to be split between these two roles.</p> <p><u>Step 1 - Secondment – interim Resource</u> Currently a number of internal staff have been seconded into the Compliance Team to focus on the immediate priorities.</p> <p>Clear priorities have been set out for dealing with the backlog work programme with immediate effect. Monthly reported will be required for the HSWS and Property Board.</p> <p>In addition to this, the Fire Risk Assessment continues to be outsourced to the service provider.</p> <p><u>Step 2 – Interim Resource capacity</u> We are currently looking for three service engineers either on an interim basis or a secondment opportunity from one of our framework providers. This is a requirement for a six-month period whilst the Council appoints permanent resources for a centralised compliance team.</p> <p><u>Step 3 – Scoping for Service</u> Currently a scope is being developed is being pulled together for the supply chain to support the Council with the compliance</p>
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			<p>work. It is proposed that we go out to tender inviting proposals and be in a position to appoint within the next two months.</p> <p><u>Step 4- Perm recruitment</u></p> <p>A permanent recruitment campaign is to commence or a dedicated permanent resource for a centralised compliance team. These roles will include a Compliance Manager, Fire Officer and Engineers, a total of five roles.</p> <p>The timeline is for all posts to be recruited and candidates in post by the end of 2022/early 2023.</p> <p>It is recommended that the Compliance Manager will be the responsible officer for Gas, Electrical, Asbestos and Legionella, as outlined in the attached document REsponsile Officer.</p> <p>The Fire Officer will be responsible for all fire related matters.</p> <p>The Health and Safety Team continue providing dedicated support to managers in the team (102 days/week) to review operational policies and procedures/practices.</p>
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MEDIUM RISK EXPOSURE				
	Weakness Found	Implication of Potential Risk	Recommendation(s)	Responsible Officer Management Comments Implementation Date
M1	<p><u>Limited use of technology and reliance on manual system updating</u> Mobile applications on smart devices are only used by 6 out of 14 contractors contracted to inspect & maintain - compliance systems). This relates to 84% of all periodic site visits scheduled leaving 16% where it is recommended that this type of technology should be deployed.</p>	<p>Failure to record compliance activity in a timely manner</p> <p>Inefficient use of resources</p>	<p>All future tenders for property compliance contracts should specify that Council system compatible handheld devices must be used to record work carried out and the data transferred within an agreed period.</p>	<p>Update July 2022 One consultancy Group (OCG) were commissioned by the Council to undertake a Data and Systems Review, which was reported in late 2021. The report recommended the following:</p> <p>To implement integrated software providing the facility to manage the data and activities of all property functions in one place.</p> <p>A programme of change management to improve communications across property functions and promote the use of integrated systems to improve performance.</p> <p>Property services are working with the Business Change Hub and the digital team as the Intelligent client.</p> <p>The Service Design Team are to be instructed to undertake a discovery piece of work looking at a new integrated software system.</p> <p>The discovery work will build on the OCG report to help identify and define which problems within the service need to be solved. Opportunities for improvement, whether IT systems, business processes or ways of working will be identified and prioritise for work in the next Alpha stage. It is only</p>

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				<p>then that options to solve problems will be protyped and tested.</p> <p>This Discovery work is expected to commence within the next month and will an intense 10 week programme.</p> <p>The timeline for the implementation for a new integrated system is considered to be 12 months. The Compliance module will be one of the first modules to be implemented.</p> <p>As an interim solution in order to improve compliance data management, in the short term we are looking to extend the use of one of our existing systems (ie Planet or Zeta Safe0.</p>
M2	<p><u>Failure to maintain Planet FM information on a timely basis</u> 7166 periodic site visits are now managed via asset management system however 1399 still require some level of manual intervention. Combined with limitations on resources available in the Business Intelligence Team to input contractor documentation, property compliance records are not being maintained in a timely manner. This in turn means exception reporting for directing contractor compliance work is limited. Exception reports</p>	<p>Failure to identify circumstances where compliance testing has not occurred in accordance with statutory requirements could result in accidents occurring as a result of defective equipment. This could lead to fines or other legal penalties being imposed on the Council and its Officers</p>	<p>Linked to the recommendation above related to extending the use of handheld devices, management should consider the allocation of resources to ensure the timely input of data and the use of exception reports.</p>	<p>Update – July 2022</p> <p>One Consultancy Group (ONG) reported that data available for property functions is minimal. They also reported that there is a general lack of data ownership.</p> <p>The majority of systems are administered by the Property Intelligence Team and the operational teams are removed from concerns over data capture, accuracy, timeliness and completeness.</p> <p>The scope for the service design will help identify and define which problems within the service need to be solved. Opportunities for improvement will be</p>

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	are only produced for: Fire Safety, Legionella and Emergency Light Testing.			identified and prioritised for work in the next phrase. It is only then the options to solve problems will be prototyped and tested.
M3	<p><u>Failure to remove assets from Planet FM</u> The Property Intelligence Team Manager confirmed that audit testing had highlighted that there wasn't a robust process in place to update Planet FM when assets were removed from Council properties.</p>	Failing to remove redundant assets from the Planet FM records will result in the asset continuing to be scheduled for review. This will result in a time loss and therefore a financial loss to the Council	The Property Intelligence Team Manager needs to consider the system of requesting and removing property assets and decide on how and when Planet FM is updated. This could be by removing the asset on the database based on issuing the works order (to remove the asset) or on receiving confirmation that the asset has been removed by the contractor. It may be more reliable to make the data change based on the order being processed.	<p>Update – July 2022</p> <p>One Consultancy Group (ONG) reported that data available for property functions is minimal. They also reported that there is a general lack of data ownership.</p> <p>The majority of systems are administered by the Property Intelligence Team and the operational teams are removed from concerns over data capture, accuracy, timeliness and completeness.</p> <p>The scope for the service design will help identify and define which problems within the service need to be solved. Opportunities for improvement will be identified and prioritised for work in the next phrase. It is only then the options to solve problems will ne prototyped and tested.</p>
M4	<p><u>Failure to verify that all compliance assets have been identified and recorded</u> Checks were not carried out to verify that the bar-coding exercise (commencing in 2017) recorded all assets within Council properties.</p>	Compliance assets are not recorded in Planet FM and the necessary compliance work may not be scheduled.	Management should consider whether sample testing of properties should be carried out to reconcile the assets recorded in the database to those within the property.	<p>Update - July 2022</p> <p>As outlined in M3 above it has been reported that there is a lack of data ownership. The operational teams including the Compliance team are removed from concerns over data capture, accuracy, timeliness and completeness.</p> <p>This area will be captured as part of the Discovery phrase of work to be undertaken.</p>

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M5	<p><u>Failure to ensure Leaseholders fulfil their property compliance responsibilities</u></p> <p>Leaseholders with repairs and maintenance responsibilities (as per the lease agreement) are not being periodically reminded of their property compliance responsibilities. For example, through the requirement to provide compliance certification and / or evidence of servicing etc</p>	<p>Failure to carry out 'duty of care' Reputational loss</p>	<p>Head of Construction, Maintenance & FM should liaise with the Head of Property Services to consider the risk(s) and decide on whether action is taken to periodically remind tenants of their specific compliance responsibilities.</p>	<p>Update – July 2022</p> <p>It is recommended that a leaseholder pack clearly outlining compliance requirements is developed in conjunction with the Commercial Estate.</p> <p>All leaseholders to be provided with the pack.</p> <p>By improving Compliance data across the property portfolio a inspection regime needs to be implemented, so that assets are inspected regularly to ensure all leaseholders are complying with all property compliance responsibilities</p> <p>TIMELINE NEEDS TO BE PROVIDED.</p>
M6	<p><u>Need to consider assignment of compliance responsibilities to leaseholders – Council's Duty of Care</u></p> <p>It is not clear whether there has been adequate consideration of the Council's responsibilities as a landlord especially related to the assignment of compliance responsibilities to tenants through lease agreements where a tenant's failure to comply with compliance responsibilities impact upon the safety of other tenants or common areas.</p>	<p>Failure to carry out 'duty of care' Reputational loss</p>	<p>Head of Construction, Maintenance & FM should liaise with the Head of Property Services to consider the risk(s) and decide on whether the Council should budget for a resource that will serve to ensure that tenants continue to maintain properties in accordance with lease obligations</p>	<p>Update – July 2022</p> <p>It is recommended that the leaseholders pack needs to outline all compliance responsibilities, in what format compliance activities are collated and where compliance certification needs to be sent.</p> <p>The improvement of compliance data will help to capture accurate data in a timeliness and completeness manner. This will provide oversight of the compliance position.</p> <p>A timetable for implementation of leaseholder packs is to be developed based upon gap analysis</p>

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M7	<p><u>Assets on Asset Register that are not the Councils Responsibility to maintain</u></p> <p>Sample testing during the audit identified two cases where assets listed on the asset database were not the responsibility of the Council to maintain. This was not clear within the asset register without further separate interrogation.</p>	<p>Failure to provide information on the asset database that clearly indicates that the asset is not the Councils responsibility to maintain could result in the Council incurring costs on an asset that is not its responsibility</p>	<p>The asset register should clearly indicate where an asset is not the Councils responsibility to maintain</p>	<p>Update – July 2022</p> <p>The one consultancy report concluded that poor data quality and reporting was a concern.</p> <p>The current process does not allow operational teams to be involved in data capture, accuracy, timeliness, and completeness.</p> <p>There is a need to undertake data cleansing across the whole property estate to ensure there is a definitive list of assets where the Council are responsible. This work would need to involve the data Intelligence and Operational teams working together. This will be picked up as part of the scope for the discovery work.</p> <p>As interim solution additional resources are employed for data cleansing.</p>
M8	<p><u>Review of Premises with Roller Shutters</u></p> <p>Sample testing of the maintenance of assets found one case where roller shutter doors had not been serviced. This was because an inspection regime for this type of asset had not yet been introduced and there was a lack of clarity as to responsibility,</p>	<p>Failure to ensure assets are regularly maintained could result in accidents and a financial cost to the Council</p>	<p>The roller shutters that were identified during the audit as not having been maintained should now be serviced. Details have been provided to the Senior Building Officer</p> <p>A list of all roller shutters should be compiled and reviewed to ensure that they have been appropriately maintained. If this has not happened in any cases remedial action should occur</p>	<p>Update – July 2022</p> <p>Contact has been made with all service managers.</p> <p>All shutters are now serviced and made safe with a new protocol for ongoing servicing in place.</p> <p>There is now an agreement with all depot managers that in instances of disrepair to be forwarded direct to Maintenance Manager for action.</p>

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M9	<p><u>Inadequate allocation of staff resources to property compliance – service continuity</u></p> <p>Resourcing levels for the management and delivery of Compliance responsibilities are inadequate. There is only one Senior Building Officer assigned to the management of Compliance. In the event of absence there is only limited assistance available in relation to Compliance matters from colleagues who are assigned to other areas of business In addition, the auditor identified a lack of system / process documentation to provide staff with the necessary level of guidance which could be used for training purposes.</p>	<p>Financial and Legal Implications for the Council.</p>	<p>The Head of Construction, Maintenance & FM should consider resource allocation to provide cover for the Senior Building Officer currently solely responsible for the property compliance function. To assist in training and provide necessary guidance to staff allocated compliance monitoring responsibilities – system and processes should be documented.</p>	<p><u>Update July 2022</u></p> <p><u>Step 1 - Secondment – interim Resource</u> Currently a number of internal staff have been seconded into the Compliance Team to focus on the immediate priorities.</p> <p>Clear priorities have been set out for dealing with the backlog work programme with immediate effect. Monthly reported will be required for the HSWS and Property Board.</p> <p>In addition to this, the Fire Risk Assessment continues to be outsourced to the service provider.</p> <p><u>Step 2 – Interim Resource capacity</u> We are currently looking for three service engineers either on an interim basis or a secondment opportunity from one of our framework providers. This is a requirement for a six-month period whilst the Council appoints permanent resources for a centralised compliance team.</p> <p><u>Step 3 – Scoping for Service</u></p> <p>Currently a scope is being developed for the supply chain to support the Council with the compliance workload. A tender inviting proposals to framework suppliers is being</p>
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				<p>prepared to appoint within the next two months.</p> <p><u>Step 4– Perm recruitment</u></p> <p>A permanent recruitment campaign commenced for a dedicated permanent resource for a centralised compliance team. These roles will include a Compliance Manager, Fire Officer and Engineers, a total of five roles.</p> <p>The timeline is for all posts to be recruited and candidates in post by the end of 2022.</p>
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