



ROYAL BERKSHIRE FIRE AND RESCUE SERVICE

Facilities Management

FINAL

Internal audit report: 1.18/19

29 November 2018

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Debrief held	25 July 2018 (Further information provided 20 August 2018)	Internal audit team	Daniel Harris, Head of Internal Audit Tim Lo, Client Manager Sarah Wu, Lead Auditor Oliver Bowden, Internal Auditor
Draft report issued	6 September 2018		
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Responses received	29 November 2018		
Final report issued	29 November 2018	Client sponsor	Matt Barber, Facilities Manager
		Distribution	Audit and Governance Committee Matt Barber, Facilities Manager Steve Foye, Deputy Chief Fire Officer Conor Byrne, Head of Finance and Procurement Julie Waterworth, Planning and Performance Officer

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1 EXECUTIVE SUMMARY

1.1 Background

An audit of Facilities Management was undertaken at the Royal Berkshire Fire and Rescue Service (the Authority) as part of the approved internal audit plan for 2018/19.

The Authority has in place a service level agreement with Kier Workplace Services (Kier), an external contractor, to provide maintenance services including legionella prevention and control and gas. The planned maintenance programme is developed by the Authority's Facilities Manager and Kier undertake the required works as part of the contract. All maintenance works completed by Kier are logged within their internal system, Kier Concept, of which the Authority have recently been provided access.

All staff members at the Authority have access to the Authority's internal system, Fire Watch which enables staff to report defects requiring attention. Where defects are spotted requiring additional works, a work order is issued to Kier, and a priority code assigned to each job. A bi-weekly check of the open defects on Fire Watch is carried out by the Facilities Officer; with progress reconciled back to Kier Concept.

Planned and responsive maintenance works completed at the Authority are managed and overseen by the Facilities Manager and supported by two Facilities Officers. A monthly contract performance monitoring meeting is held by the Facilities Manager with the contractor. It was noted that a Head of Service was absent at the time of the audit and therefore there was lack of senior management oversight with regards to maintenance / facilities management.

1.2 Conclusion

Our review identified a number of minor issues in relation to planned and reactive maintenance, service level agreement and budget monitoring where enhancements to the existing control framework could be implemented.

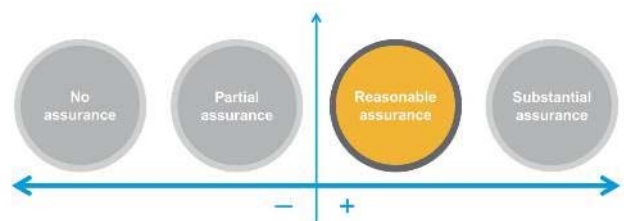
It was also noted that at the time of the audit, certificate compliance was 78%, with some 157 certificates expired (52) or due to expire (105).

It was further identified that currently no Head of Service is in place, and the day to day operations, are currently being overseen by the Facilities Manager, with oversight provided by the Deputy Chief Fire Officer with input from Head of Service Property Capital Projects and Estates, prior to the appointment of a new Head of Service in October 2018.

Internal audit opinion:

Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed and consistently applied.

However, we have identified issues that that need to be addressed in order to ensure that the control framework is effective in managing this area.



1.3 Key findings

The key findings from this review are as follows:

Effectiveness

We noted the following maintenance budget forecast for Q1 2018/19::

Cost Centre	Description	Annual Budget Allocation	Forecast at July 2018 (£)	Variance (£)
201	Term Maintenance Contract	£315,000	£315,000	-
202	Reactive Non-M&E	£14,500	£28,000	(£13,500)
203	Repair and Maintenance	£6,800	£6,800	-
204	Maintenance Agreements	£22,500	£22,550	-
205	Contract Specific Maintenance	£1,000	£1,000	-
206	Reactive M&E	£34,066	£180,000	£145,934
208	Access Control System	£500	£24,000	(£23,500)

We were informed by management, at the time of the audit, that the overall adverse variances identified between the Q1 2018 forecast and the annual budget were mainly due to an inaccurate forecast against line 206. The forecast at the end of Q1 was based on the previous year's expenditure which was not representative. The issue arose as the Head of Service post was vacant and therefore the figures had not been challenged before submission to the Finance Department. All forecasts are reviewed by Finance staff and, after discussions with Facilities staff, the following month's forecast was revised to £70,000. Some changes to budget allocations within the cost centre were also made to better reflect patterns of expenditure.

The Authority reported the following statutory compliance summary in July 2018, against planned works:

- Overall certificate compliance performance was at 78%, which fluctuates on a monthly basis however the Authority target is 100%;
- 371 certifications were compliant;
- 105 certificates have already expired, of which the Authority were aware and were in the process of updating / renewing; and
- 52 certificates were due to expire.

Design and Application of the Control Framework

We have identified five 'Low' priority issues in relation to the design and the application of the control framework, details of the 'Low' priority issues can be found in section 2 of this report.

Notwithstanding the above, we have identified some examples of sound control design:

Register of properties (Fire Watch system):

- Examination of Fire Watch system established that records and details of the properties / estates managed by the Authority are maintained in the system.
- These are maintained by the Facilities and reviewed and updated as required on an ongoing basis.

Service level agreement and monitoring:

- The planned maintenance programme was developed and implemented by the Facilities Manager, whilst there was no Head of Service in post, oversight was provided at a Senior Management level by the Deputy Chief Fire Officer and the Head of Service Capital Programmes.

Annual budget for planned and reactive maintenance

- Review of the latest monthly budget monitoring / forecast statement for July 2018 confirmed that the annual Authority budget includes allocation for planned and reactive maintenance.

Budgetary control and monitoring:

- Monthly contract performance meetings take place between the Facilities Manager and Kier; we confirmed this via reviewing the calendar invites for the last three months.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non Compliance with controls*		Agreed actions		
	0	(1)	0	(1)	Low	Medium	High
Register of properties (Fire Watch system)	0	(1)	0	(1)	0	0	0
Annual budget for planned and reactive maintenance	0	(1)	0	(1)	0	0	0
Budgetary control and monitoring	0	(1)	1	(1)	1	0	0
Service level agreement and monitoring	2	(6)	0	(6)	2	0	0
Planned and reactive maintenance	1	(4)	1	(4)	2	0	0
Total					5	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 DETAILED FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
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Planned and Reactive Maintenance

1	<p>Planned Maintenance – Defects</p> <p>Defects and any required maintenance work are reported by Kier upon completion of the planned maintenance checks to the Facilities Management team. These are then reviewed and prioritised by Facilities.</p> <p>However, we noted that a record of these is not</p>	No	N/A	<p>While the monthly submission report details all work completed (arising from both planned maintenance visits and reactive maintenance), due to the absence of a log of work arising from the planned maintenance visits, there is a risk that works required are not being completed timely, or at all, leading to potential health and safety risks to the individuals accessing the buildings, as well as potential reputational damage to the Authority.</p> <p>Furthermore, there was no evidence that any work on defects reported</p>	Low	<p>Details of defects and work required, arising from the planned maintenance visits undertaken by Kier, will be maintained.</p> <p>Management will consider to either maintain an independent list of these, in an Excel document for example, or to have these recorded against the relevant locations in Fire Watch,</p>	30 October 2018	Matt Barber, Facilities Manager
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	<p>maintained, these are instead communicated via email.</p> <p>Kier has the autonomy to carry out any work costing up to £500, and quotes will need to be submitted to the Facilities for any work costing £500 and over prior to commencing any work.</p>			<p>from planned maintenance visits is prioritised and allocated an agreed timescale for completion.</p> <p>Management recognise that improvements can be made to the process and capturing of information within the Kier system and Firewatch.</p> <p>Management believe that they have a mechanism in place to provide assurance that the planned maintenance programme is completed in full and on a timely basis, which includes the weekly reporting and monthly contract management meetings.</p> <p>The Facilities Manager will also undertake a sample testing through station visits.</p>		taking into consideration the £500 limit.		
2	<p>Reactive Maintenance</p> <p>Defects reported by staff are recorded in Fire Watch, and where required, a work order is raised and sent to Kier to carry out the maintenance work.</p> <p>Reactive maintenance work is required to be</p>	Yes	No	<p>For a sample of ten reactive maintenance works raised, selected from the latest detailed maintenance work status report (for jobs from April 2018 to date of the audit), we noted the following exceptions:</p> <p>For one out of ten cases, the job was not recorded as complete in Kier Concept but the defect was closed in Fire Watch (RBFRS defect</p>	Low	The case of exception identified through this review, regarding inconsistency in job status, will be investigated and remediated as soon as possible.	Completed	Matt Barber, Facilities Manager

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	<p>prioritised on a scale of A-D.</p> <p>Defects are closed in Fire Watch once work is confirmed to have been completed; confirmation is received via individual notification and Submission reports.</p>			<p>ID 331444, Kier task ID RBF001:6672).</p> <p>Where incomplete jobs are closed in Fire Watch in error, there is a risk that outstanding work is not completed timely, or at all, leading to potential risk of non-compliance and health and safety risks.</p>				
Service Level Agreement and Monitoring								
3	<p>Open Defects Check</p> <p>The Facilities Officer extracts a report of open defects from Fire Watch and reviews the status of each case on Kier Concept, on a fortnightly basis. However, no record of this reconciliation has been maintained.</p>	No	N/A	Where records of actions and/or communications made are not retained, there is a risk that efforts may be duplicated when carrying out the fortnightly checks, leading to potential operational efficiency.	Low	A two way check will be undertaken on open defects per Fire Watch and Kier Concept to ensure that open / closed status are accurately reported and action taken where necessary. Evidence of issues will be documented in the Fire Watch section of the notes.	Completed	Matt Barber, Facilities Manager
4	<p>Monthly Contractor Monitoring Meetings</p> <p>A monthly report, including statutory compliance summary, is provided by the contractor, Kier, and presented at the</p>	No	N/A	We were informed that a monthly report, including a summary on statutory compliance status is presented by Kier at the monthly performance meetings, however copies of these reports were not retained by the Facilities Manager at	Low	Management will document the key actions agreed from the monthly contract monitoring meeting, and consider if meeting notes are also required to be produced.	30 September 2018	Matt Barber, Facilities Manager

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	<p>monthly contract monitoring meeting between the Facilities Manager and Kier.</p> <p>However, we have found that copies of these are not retained by the Authority and the monthly meetings are not recorded or no action log taken.</p> <p>Furthermore, the monthly contract monitoring meetings are not recorded.</p>			<p>the time of the audit, and the monthly meetings are not recorded.</p> <p>There is a risk that any underperformance is not followed up on a timely basis, or at all, leading to potentially poor maintenance services being provided by Kier not being appropriately followed up and rectifying actions recorded, which may result in areas of non-compliance.</p> <p>Copies were requested from Kier during the audit fieldwork and a copy of the June 2018 monthly report (latest available at the time of the audit) was provided post our audit fieldwork.</p> <p>Management feel that they are able to obtain information from Kier upon request, and acknowledge that saving this information is good practice.</p>		<p>Monthly reports from Kier, including the summary on statutory compliance status, will be appropriately retained by management for monitoring purposes.</p>		

Budgetary Control and Monitoring

5	<p>Maintenance Budget Monitoring</p> <p>The Facilities has access to the live budgetary position / performance by</p>	Yes	No	<p>Review of the budget monitoring and forecast statement for June 2018 identified the following significant variances between the forecast at July 2018 and the in-year budget allocation:</p>	Low	<p>Finance staff will work closely with the new Head of Facilities, Fleet and Equipment to ensure he has a full understanding of the budget lines, contracts in</p>	31 December 2018	<p>Andrew McLenahan, Head of Facilities, Fleet and Equipment</p>
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	<p>accessing the Report Manager (system).</p> <p>Monthly forecasts are produced by the team and submitted to Finance, as a budget monitoring mechanism.</p>			<ul style="list-style-type: none"> Reactive non-M&E (CC202) – adverse variance of £13,500; Reactive M&E (CC206) – adverse variance of £145,934 and Access control system (CC208) – adverse variance of £23,500. <p>We were informed by management that the forecast on line 206 was inaccurate. Since the audit is has been revised to £70,000 from £180,000. This was due to a lack of review before the forecast was submitted as the Head of Facilities, Fleet and Equipment post was vacant, and therefore a lack of challenge of the forecast was completed prior to submission.</p> <p>Whilst we note that the overall budget allocation is correct, where the individual codes are not accurate, this makes budget monitoring difficult for management and potentially hides unexpected expenditure on particular codes.</p>		<p>place and ongoing commitments.</p> <p>Devolved budget monitoring and setting is an iterative process and budget virements will be undertaken where appropriate to facilitate the forecasting process and ensure the efficient use of resources.</p>		

APPENDIX A: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

Objectives of the area under review

To ensure the Authority has adequate programmes in place for the maintenance and upkeep of the organisation's buildings, focussing on the controls in place to ensure the estate is being adequately managed in terms of statutory obligations.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

- A list / register of Authority property / estate is maintained with key contacts (Station Managers and contact details) in place, which is subject to periodic review.
- The annual Authority budget contains an allocation for planned and reactive maintenance to maintain the estate, which is underpinned by a planned and reactive maintenance programme.
- The planned maintenance schedule is subject to periodic review and input from management to ensure all works are prioritised taking into consideration statutory obligations.
- Performance against the schedule is routinely monitored, reported, and any necessary changes authorised appropriately. The planned maintenance budget is sufficient to ensure that all planned maintenance work can be completed in year. The budget is routinely monitored, reported on and variations authorised appropriately.
- Signed contracts / Service Level Agreements are in place with service contractors for the provision of legionella, asbestos, gas services. Performance reviews are completed in line contract / annually to ensure the level of service provided is in line with contract and Authority expectations in terms of price and quality.
- Periodic (at least annual) maintenance checks are undertaken on all Authority buildings to ensure that they are fit for purpose.

Limitations to the scope of the audit assignment:

- We are not building experts as such we will not provide comment on the state of the Authorities buildings, only the controls in place.
- All testing will be completed on a sample basis from the current financial year, where the sample size is not sufficient we will go back a maximum of twelve months from the audit date.
- We will not comment on the priority level assigned to maintenance only offer challenge where appropriate.
- We will not visit the stations or other properties managed by the Authority only review evidence based at HQ.
- The maintenance of BA cylinders and compressors will not be included within the above.
- In addition, we did not review the invoice and payment process relating to planned and reactive maintenance as part of this audit.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Matt Barber, Facilities Manager
- Julie Waterworth, Planning and Performance Officer
- Sharon Slater, Facilities Officer
- Lee Wilkey, Interim Procurement Lead

Documentation reviewed during the audit:

- Fire Watch system;
- Kier Concept system (contractor's system);
- Budget monitoring / forecast statement, June 2018
- Planned Maintenance Programme, 2018/19
- Latest maintenance work status report, June 2018
- Submission report (detailing work completed by Kier), April 2018
- Kier Monthly Report, including Statutory Compliance Status Summary, June 2018
- Service Level Agreement with Kier

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