

# Final Internal Audit Report

## Corporate Estate Building Compliance

### July 2021

Distribution: Interim Executive Director Place  
Head of Asset Management and Estates  
Health and Safety Compliance Manger  
Property Maintenance Manager

| Assurance Level | Identified Issues |   |
|-----------------|-------------------|---|
| Substantial     | Priority 1        | 0 |
|                 | Priority 2        | 5 |
|                 | Priority 3        | 1 |

#### Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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**Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.**

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### 1. Introduction

- 1.1. Croydon Council (Council) has several corporate buildings which are used to provide services and facilities, for which it is responsible.
- 1.2. There are a number of Health and Safety requirements in relation to buildings which are statutory and regulatory requirements for which the Council has to comply. For example, Fire Risk Assessments are regulatory requirements in accordance with the Regulatory Reform (Fire Safety) Order 2005 and Electrical Installation Condition Report (EICR) and Portable Appliance Testing (PAT) in accordance with the Electricity at Work Regulations 1998.
- 1.3. The Facilities Management team of the Council has the responsibility for maintaining the Council's corporate properties and ensuring that buildings are compliant with appropriate statutory, regulatory, and corporate standards.
- 1.4. There are currently 159 sites included on the 'PPM Master Planner' for maintenance monitoring. A performance monitoring matrix is in place to help ensure that statutory compliance maintenance tasks are conducted.
- 1.5. The fieldwork for this review was completed during the government measures put in place in response to COVID-19. While our review and testing was performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.6. It should be noted that audit fieldwork was based on sample testing and was not a detailed review of all the different types of health and safety checks (as detailed in the introduction to the terms of reference at Appendix A1 to this report). There are also other aspects of Health and Safety legislation, not relating to premises, such as workplace assessments and accident reporting, which were not included within the scope of this audit
- 1.7. The audit was undertaken as part of the agreed Internal Audit Plan for 2020/21 based on a risk assessment. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

### 2. Key Issues

#### Priority 2 Issues

The Technical and Statutory Compliance Manual was still in draft and the Fire Safety Policy, due for an update on 8 January 2021, had not yet been updated at the time of internal audit in March 2021. **(Issue 1)**

Comparison of the number of sites included on the fixed assets register to the 'PPM Master Planner' found a difference of 57 sites between the documents. The fixed assets register also did not take into consideration depreciation or asset life and did not separately specify items such as carbon monoxide alarms, instead including these as part of fire alarms. **(Issue 2)**

Examination of the records for a sample of 10 sites found that the fire risk assessments for five of the sites were dated 2016 or earlier. Although discussion established that these were annually reviewed, these reviews were not evidenced. **(Issue 3)**

It was explained that the Technical Compliance Team conduct a 10% audit of health and safety inspections conducted by internally and/or by contractors, however no records or log of these audit inspections was retained. **(Issue 4)**

Examination of the records on TF Cloud and SharePoint for a sample of 10 remedial works found that in five instances records, although held on SharePoint, were not stored on TF Cloud. **(Issue 5)**

The priority 3 item is included under item 4 below.

## Control Area 1: Regulatory, Organisational and Management

| Priority                     | Action Proposed by Management   | Detailed Finding/Rationale - Issue 1   |          |                              |                            |   |
|------------------------------|---|--|----------|------------------------------|----------------------------|---|
| 2                            | Finalise statutory compliance processes and procedures. Upload to SharePoint for access by responsible staff.   | <p>Building health and safety is a complex area, with the Health &amp; Safety at Work Act 1974, its subordinate legislation, The Regulatory Reform (Fire Safety) Order 2005, Control of Asbestos Regulations 2012 and other related legislation, placing responsibilities on the Council for the appropriate management of building-related risks. In order to help staff understand and comply with these responsibilities, appropriate guidance and procedural documents should be in place.</p> <p>A copy of the draft 'Technical &amp; Statutory Compliance' – 'Process &amp; Procedure Manual', used by the Facilities Management team dated September 2019, was obtained. It was explained that this was in the process of being finalised and that, once signed off, it would be made available to all staff via SharePoint. This assertion was supported by the 'Document Review &amp; Approval' page of the document which detailed that this was last reviewed by the Estates Team on 15 April 2020 and was still due reviews by the Building &amp; Library Managers and the Property Maintenance Group.</p> <p>It was confirmed that individual safety policy and guidance documents were in place and available to staff including for example for Fire Safety, Gas Safety and Asbestos Management. Examination of the Fire Safety and Gas Safety Policies found that, while the Gas Safety Policy (was last reviewed in November 2019 and) was only due for review in November 2021, the Fire Safety Policy was overdue a review, this being due on 8 January 2021.</p> |          |                              |                            |   |
|                              | <table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Property Maintenance Manager</td> <td>31<sup>st</sup> July 2021</td> </tr> </tbody> </table> | Responsible Officer  | Deadline | Property Maintenance Manager | 31 <sup>st</sup> July 2021 | Where appropriate guidance and procedural documents are not finalised or regularly reviewed, there is a risk that staff may not be properly aware of or understand their responsibilities and management's expectations for building health and safety. |
| Responsible Officer          | Deadline  |  |          |                              |                            |   |
| Property Maintenance Manager | 31 <sup>st</sup> July 2021  |  |          |                              |                            |   |

**Control Area 2: Fixed Assets Register**

| Priority                     | Action Proposed by Management  | Detailed Finding/Rationale - Issue 2  |          |                              |                    |   |
|------------------------------|--|---|----------|------------------------------|--------------------|---|
| 2                            | Review fixed and complete fixed asset register.  | <p>A fixed assets register is maintained by the Facilities Management team to record all the building facilities, electrical services, fire and security, lifts and hoists and mechanical services for each site. The register records the description, model, barcode and condition of each asset and also allocates each asset a product code.</p> <p>Examination of the fixed assets register found that this did not take into consideration depreciation or asset life and did not separately specify items such as carbon monoxide alarms, instead including as part of fire alarms.</p> <p>Comparison of the number sites included on the fixed assets register to the 'PPM Master Planner' found that the totals did not agree, with more sites being included on the 'PPM Master Planner' (total of 159) compared to the fixed assets register (total of 102). Discussion with management established that they were aware that some assets were missing from the asset register.</p> <p>While it is acknowledged that the 'PPM Master Planner' was the main record used to monitor inspections and maintenance works, the fixed assets register should still be complete.</p> |          |                              |                    |   |
|                              | <table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Property Maintenance Manager</td> <td>31st December 2021</td> </tr> </tbody> </table> | Responsible Officer   | Deadline | Property Maintenance Manager | 31st December 2021 | <p>Where the fixed assets register is not complete, there is a risk of incomplete data and inconsistencies in the monitoring of building maintenance.</p> |
| Responsible Officer          | Deadline   |   |          |                              |                    |   |
| Property Maintenance Manager | 31st December 2021   |   |          |                              |                    |   |

**Control Area 4: Periodic Risk Assessments**

| Priority | Action Proposed by Management                                    | Detailed Finding/Rationale - Issue 3  |
|----------|--|---|
| 2        | Ensure all fire risk assessments annually reviewed and recorded. | <p>The Regulatory Reform (Fire Safety) Order 2005, article 9 (1) details that, ‘<i>The responsible person must make a suitable and sufficient assessment of the risks to which relevant persons are exposed for the purpose of identifying the general fire precautions he needs to take to comply with the requirements and prohibitions imposed on him by or under this Order</i>’ and article 9 (3) details that, ‘<i>Any such assessment must be reviewed by the responsible person regularly so as to keep it up to date and particularly if—</i></p> <p><i>(a) there is reason to suspect that it is no longer valid; or</i></p> <p><i>(b) there has been a significant change in the matters to which it relates including when the premises, special, technical and organisational measures, or organisation of the work undergo significant changes, extensions, or conversions, and where changes to an assessment are required as a result of any such review, the responsible person must make them.</i>’</p> <p>Examination of the records for a sample of 10 sites selected from the ‘PPM Master Planner’ found five sites (where the property had not been subsequently let transferring responsibility for the fire risk assessments) where the fire risk assessments were dated 2016 or earlier:</p> <ul style="list-style-type: none"> <li>• Access Ability Centre – June 2016</li> <li>• Bernard Weatherill House – May 2016</li> <li>• Civic Offices - Town Hall &amp; Central Library – July 2016</li> <li>• Fieldway Community Centre – February 2010</li> <li>• Cavendish House – June 2016</li> </ul> |

|                                      |                                |   |
|--------------------------------------|--------------------------------|---|
|                                      |                                | The Health and Safety Compliance Manager explained that as part of their normal maintenance activities each of the sites would be at least annually inspected and the fire risk assessments reviewed but, because no significant changes had occurred at any of these sites, new fire risk assessments were not required. It was noted; however, that this annual review of the fire risk assessments was not recorded. |
| <b>Responsible Officer</b>           | <b>Deadline</b>                |   |
| Health and Safety Compliance Manager | 31 <sup>st</sup> December 2021 | Where fire risk assessments are not evidenced as (at least) annually reviewed, there is a risk that the Council may not be able to demonstrate that it has been duly diligent.  |



**Control Area 5: Action Plans and Remedial Works**

| Priority                                   | Action Proposed by Management   | Detailed Finding/Rationale - Issue 4   |
|--|---|--|
| 2  | Ensure records of PPM audits and inspections are retained and accessible from TF-Cloud. | <p>In order to provide assurance as to the quality of the health and safety checks / inspections carried out (in some instances by contractors), these should be, on a sample basis, independently checked.</p> <p>It was explained that the Technical Compliance Team conduct a 10% audit of the health and safety inspections that have taken place, visiting the respective sites, to confirm the corresponding inspection reports are accurate and that remedial works, where applicable, have been carried out. However, no records or log of these audit inspections was retained.</p> <p>Where a proper record or log of audit inspections is not maintained, there is a risk that the Council is unable to demonstrate due diligence. Furthermore, without this record, future inspections may not be as well directed to ensure representative coverage and to focus on key risk areas.</p> |
| Responsible Officer                        | Deadline  |  |
| Technical and Statutory Compliance Manager | 31 <sup>st</sup> July 2021  |  |

## Control Area 6: Record Keeping

| Priority                       | Action Proposed by Management  | Detailed Finding/Rationale - Issue 5  |          |                   |                |                           |                                |            |                                |                                   |            |                    |                        |            |                 |   |            |                           |                             |            |
|--------------------------------|--|---|----------|-------------------|----------------|---------------------------|--------------------------------|------------|--------------------------------|-----------------------------------|------------|--------------------|------------------------|------------|-----------------|---|------------|---------------------------|-----------------------------|------------|
| 2                              | Arrange for all statutory compliance inspection records and reports to be accessible from TFCloud. | <p>TF Cloud is used by management to maintain records of the inspections and reports related to compliance. The system acts as a library of all the inspections open, issued, completed and overdue and provides a reminder, via the home page calendar of upcoming inspection dates and flags up any overdue inspections. SharePoint is the Council's agreed document retention system.</p> <p>The draft 'Technical &amp; Statutory Compliance' – 'Process &amp; Procedure Manual' 'Section 4' details that the Property Maintenance Manager is responsible for ensuring that the central records of all checks managed by the Technical and Statutory Compliance Team are available on TF Cloud and SharePoint.</p> <p>Examination of the records on TF Cloud and SharePoint for a sample of 10 remedial works found that in five instances support, although held on SharePoint, was not stored on TF Cloud as follows:</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Works description</th> <th>Date completed</th> </tr> </thead> <tbody> <tr> <td>40 Northwood Road (CACFO)</td> <td>L8 Shower Descales &amp; Disinfect</td> <td>05/11/2020</td> </tr> <tr> <td>Coulsdon Youth &amp; Social Centre</td> <td>Electric Water Heater Maintenance</td> <td>16/11/2020</td> </tr> <tr> <td>18 Wellington Road</td> <td>Fire Alarm Maintenance</td> <td>12/01/2021</td> </tr> <tr> <td>Shirley Library</td> <td>Gas Boiler Maintenance and Soundness Test</td> <td>20/01/2021</td> </tr> <tr> <td>Shirley Children's Centre</td> <td>Automated Gates Maintenance</td> <td>25/01/2021</td> </tr> </tbody> </table> | Location | Works description | Date completed | 40 Northwood Road (CACFO) | L8 Shower Descales & Disinfect | 05/11/2020 | Coulsdon Youth & Social Centre | Electric Water Heater Maintenance | 16/11/2020 | 18 Wellington Road | Fire Alarm Maintenance | 12/01/2021 | Shirley Library | Gas Boiler Maintenance and Soundness Test | 20/01/2021 | Shirley Children's Centre | Automated Gates Maintenance | 25/01/2021 |
| Location                       | Works description  | Date completed  |          |                   |                |                           |                                |            |                                |                                   |            |                    |                        |            |                 |   |            |                           |                             |            |
| 40 Northwood Road (CACFO)      | L8 Shower Descales & Disinfect   | 05/11/2020  |          |                   |                |                           |                                |            |                                |                                   |            |                    |                        |            |                 |   |            |                           |                             |            |
| Coulsdon Youth & Social Centre | Electric Water Heater Maintenance  | 16/11/2020  |          |                   |                |                           |                                |            |                                |                                   |            |                    |                        |            |                 |   |            |                           |                             |            |
| 18 Wellington Road             | Fire Alarm Maintenance   | 12/01/2021  |          |                   |                |                           |                                |            |                                |                                   |            |                    |                        |            |                 |   |            |                           |                             |            |
| Shirley Library                | Gas Boiler Maintenance and Soundness Test  | 20/01/2021  |          |                   |                |                           |                                |            |                                |                                   |            |                    |                        |            |                 |   |            |                           |                             |            |
| Shirley Children's Centre      | Automated Gates Maintenance  | 25/01/2021  |          |                   |                |                           |                                |            |                                |                                   |            |                    |                        |            |                 |   |            |                           |                             |            |

| Responsible Officer          | Deadline                        | There is a risk there is not a complete record maintained of all reports if these are not maintained on TF Cloud. If the supporting documentation is not uploaded into TF Cloud it can result in inefficiencies when review is required. Additionally, if TF Cloud is not kept up to date, the software may not be effectively used to send reminders to individuals of upcoming inspection or maintenance tasks. |
|------------------------------|---------------------------------|---|
| Property Maintenance Manager | 30 <sup>th</sup> September 2021 |   |

**Priority 3 Issue**

| Agreed action   | Findings   |
|---|--|
| <p><b>Control Area 4: Periodic Risk Assessments</b></p> <p>1) Review maintenance task schedule frequencies and ensure PPM tasks are undertaken in accordance with frequencies prescribed.</p> | <p>The Council’s ‘Technical &amp; Statutory Compliance’ – ‘Process &amp; Procedure Manual’ document details the ‘Maintenance Task Schedule Frequency’ for each health and safety maintenance task.</p> <p>Examination of the documentation retained for a sample of periodic health and safety maintenance tasks (gas safety checks, electrical installation compliance reporting (EICR), legionella risk assessments (LRA), fire risk assessments (FRA), emergency lighting and portable appliance testing (PAT)) for a sample of 10 sites, found:</p> <ul style="list-style-type: none"> <li>• one site (Purley Leisure Centre) where the PAT and emergency lighting test were last performed in November 2019; and</li> <li>• two sites (Bernard Wetherill House and Cavendish House) where the PAT were last performed in 2019.</li> </ul> <p>The ‘Technical and Statutory Compliance - Requirements and Guidance’ document specifies that PAT and emergency lighting tests should be conducted every 12 months.</p> <p>Discussion established that the Purley Leisure Centre had been closed and thus identified maintenance tasks had been deferred and that challenges due to Covid-19 restrictions had delayed the visits some other sites.</p> <p>Where periodic health and safety maintenance tasks are not conducted with the frequency detailed in the Technical and Statutory Compliance - Requirements and Guidance’ document, there is a risk of non-compliance with health and safety regulations.</p> |

## AUDIT TERMS OF REFERENCE

### Building Compliance

#### 1. INTRODUCTION

- 1.1 Since the Grenfell disaster there has been a strong focus on fire risk assessments and fire safety and, in particular, the cladding of buildings over six stories high and sprinkler systems. However, the legislation relating to premises health and safety goes a lot further than just fire safety, comprising the following:
- Regulatory Reform (Fire Safety) Order 2005
  - Dangerous Substances & Explosive Atmospheres Regulations 2002
  - Control of Asbestos Regulations 2006
  - Control of Substances Hazardous to Health Regulations 2002
  - Construction (Design & Management) Regulations 2015
  - Management of Health and Safety at Work Regulations 1999
  - Workplace (Health, Safety and Welfare) Regulations 1992
  - Electricity at Work Regulations 1989
  - Provision & Use of Work Equipment Regulations 1998
  - Gas (Installation & Use) Regulations 1998
  - Pressure Systems Safety Regulations 2000
  - Work at Height Regulations 2005
  - Lifting Operations & Lifting Equipment Regulations 1998
  - Confined Spaces Regulations 1997
- 1.2 The requirements for most of the premises health and safety requirements listed above depend on having a proper inventory of buildings, plant, machinery, equipment and substances to know what regulations apply and then being able to demonstrate compliance through periodic competent person risk reviews, inspections, proper record keeping, making relevant staff and visitors aware and training. Being able to demonstrate compliance will also impact on the local authorities' insurance arrangements.
- 1.3 There are also other aspects of Health and Safety legislation, not relating to premises, such as workplace assessments and accident reporting, but these will not be included within the scope of this audit.
- 1.4 This audit is being undertaken as part of the agreed Internal Audit Plan for 2020/21.

## 2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
- Walkthrough the processes to consider the key controls;
  - Conduct sample testing of the identified key controls, and
  - Report on these accordingly

## 3. SCOPE





- 3.1 This audit focus on the key controls over premises health and safety aspects of the corporate estate and include the following areas (and issues):

| Control Areas/Risks                                    | Issues Raised        |                        |                     |
|--|----------------------|------------------------|---------------------|
|  | Priority 1<br>(High) | Priority 2<br>(Medium) | Priority 3<br>(Low) |
| Regulatory, Organisational and Management Requirements | 0                    | 1                      | 0                   |
| Fixed Asset Register                                   | 0                    | 1                      | 0                   |
| Routine Monitoring and Inspections                     | 0                    | 0                      | 0                   |
| Periodic Risk Assessments                              | 0                    | 1                      | 1                   |
| Action Plans and Remedial Works                        | 0                    | 1                      | 0                   |
| Record Keeping   | 0                    | 1                      | 0                   |
| Performance Monitoring and Reporting                   | 0                    | 0                      | 0                   |
| <b>Total</b>   | <b>0</b>             | <b>5</b>               | <b>1</b>            |

### Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

|   |                       |  |
|---|-----------------------|--|
|    | Full Assurance        | There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.  |
|    | Substantial Assurance | While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk. |
|    | Limited Assurance     | There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk.   |
|  | No Assurance          | Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.   |

Priorities assigned to identified issues are based on the following criteria:

|                                |   |
|--------------------------------|---|
| <b>Priority 1<br/>(High)</b>   | Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.  |
| <b>Priority 2<br/>(Medium)</b> | Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.  |
| <b>Priority 3<br/>(Low)</b>    | Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area. |

## **Statement of Responsibility**

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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