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Bwrdd Iechyd Prifysgol
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Swansea Bay University
Health Board



DATE:	October 2021
TITLE OF WRITTEN CONTROL DOCUMENT:	Estates Audit Update for Audit Committee
EXECUTIVE LEAD	Craige Wilson – Deputy Chief Operating Officer
REPORTING OFFICER:	Des Keighan – Assistant Director of Operations - Estates

PURPOSE OF THE REPORT

This report is to provide an update on the outstanding actions from the Internal Audit Reports on our DDA compliance; Backlog Maintenance; PFI Management; Capital Safeguarding and Control of Contractors.

KEY ISSUES

The document provides an update on the department's progress addressing recommendations from Internal Audit across a number of its services.

DDA -

Recommendation 1 related to the need for procedures to be established to demonstrate the derivation of EFPMS declared compliance costs (including reconciliation to surveys) (O).

Following meetings with the Chief Executive and Director of Strategy in August 2021, it was agreed that the Health Board will go to tender for the provision of the Six Facet Survey including DDA review. The tender is due to be returned on Friday, 29th October 2021, with shortlisting arranged for 4th November, with the intention to award the contract following selection interviews on the 10th November 2021.

Backlog Maintenance

Recommendation 7

The development of the specification should be finalised as soon as possible to facilitate the provision of a current 'market' backlog maintenance cost. This information will further assist in identifying the significant capital projects required to ensure the UHB sites are 'fit for purpose' (D)

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DDA review. The tender is due to be returned on Friday, 29th October 2021, with shortlisting arranged for 4th November, with the intention to award the contract following selection interviews on the 10th November 2021.

PFI

Recommendation 4.1.1a

A risk register will be prepared to monitor Trust/ partner/shared risks.

Management marked this recommendation 'Completed' as the site has its own Risks Register which includes risks identified and this is maintained by the Site Management Team. However, further evidence to be provided to Internal Audit to close this recommendation down.

PFI

Recommendation 4.1.1b

The Liaison Group or Risk Sub Group will be responsible for monitoring the risks as standard agenda items.

The Audit Review did not find evidence that risks were being discussed within the Liaison Group, however, management advised that these were being discussed within the Health & Safety meetings held on site. Further evidence is to be provided from the Site Management Team to close down this recommendation.

Capital Safeguarding

Recommendation 2D

Local Framework Procedures and SFI/SOs should be reviewed, and updated where appropriate, to reflect the Estates Department's requirements.

The Estates Department have been in contact with the Director of Finance, to enquire whether the SFI's can be adjusted so that when orders are being placed for goods or services where payment is not made until the work is complete or goods received then a financial vett is not required. Previously the action was closed down because it was believed that taking a risk-based approach to financial vetting was acceptable.

However, whilst awaiting confirmation as to whether the SFI's can be modified the Estates Department are looking at contractor assurance systems that will provide access to this companies financial detail. As many of orders in Estates are for goods and services less than £5,000 and the invoices are not processed unless the work is complete. The Department will take advice from procurement and Finance colleagues on the measures to be taken to address this issue and develop a framework to be followed citing the Health Board's Standing Orders.

The Department have reviewed a number of systems and is moving forward with CHAS. This is a Contractor Assurance Accreditation system. CHAS works with the Health Board free of charge to engage with all the contractors we use on a routine basis. They then provide an accreditation service where they review the contractors Health & Safety policies, insurances as well as staff training records and compliances. Whilst this is free to the Health Board contractors pay a fee to CHAS to hold accreditation. There are 4 levels of accreditation which have increasing levels of review of the health and safety processes companies adopt. Whilst the Health Board cannot limit contractors only to those that have CHAS accreditation it will be advising all its contractors that having this accreditation will be taken into consideration when awarding contracts. The plan is to work with CHAS with a view to implementing these systems from April 2022.

**Capital Safeguarding
Recommendation 3(0)**

Appropriate procurement controls should be implemented for contractors employed below current quotation thresholds.

The department has reviewed a number of its spends and as a result has been developing specifications for refrigeration services as well as boiler maintenance. The department have reviewed a number of systems and is moving forward with CHAS. This is a Contractor Assurance Accreditation system. CHAS works with the Health Board free of charge to engage with all the contractors we use on a routine basis. They then provide an accreditation service where they review the contractors Health & Safety policies, insurances as well as staff training records and compliances. Whilst this is free to the Health Board contractors pay a fee to CHAS to hold accreditation. There are 4 levels of accreditation which have increasing levels of review of the health and safety processes companies adopt. Health Board cannot limit contractors only to those that have CHAS accreditation and will be advising all its contractors that having this accreditation will be taken into consideration when awarding contracts. The plan is to work with CHAS with a view to implementing these systems from April 2022.

The department are also about to advertise for a Procurement Officer which has been agreed under a "Spend to Save" initiative and part of this role will be to review the contracts in place, working with procurement colleagues to ensure we have robust systems in place.

**Capital Safeguarding
Recommendation 4a**

An assessment of all current (and required) maintenance contract arrangements should be undertaken and reported to the Capital Monitoring Group/Health and Safety Committee as appropriate; and associated maintenance contracts implemented.

Since the audit the Department has gone to the market for the provision of water management risk assessments; the provision of legionella testing. There is also a need to go to the market for the provision of a refrigeration maintenance contract. We are also in the process of developing its boiler maintenance specification as well as going to the market for the provision of six facet condition appraisal survey. As well as a contract for the High Voltage (HV) maintenance for the sites. These contracts will capture some of the largest areas of spend within the Department.

The Department are also in the process of recruiting a procurement officer to support the department with the recruitment process being undertaken hopefully by the end of November. The procurement role is a "spend to save" initiative and will enhance and support the departments management of its contract arrangements as well its stores activity. The department believe it is completed the review of its maintenance contracts and identified those that were a priority to put into place therefor feel this action has been completed but recognise that this is an ongoing process.

**Capital Safeguarding
Recommendation 5(0)**

Orders should not be artificially disaggregated into smaller components to avoid the need for obtaining competitive quotations/tenders (in accordance with SO/SFI

requirements).

Where exceptional situations arise, Estates should consult with NWSSP Procurement Services to determine an appropriate solution. The advice received should be documented and retained.

The Assistant Director of Operations, Estates has written to all staff who place orders to remind them that the disaggregation of orders is not acceptable. Staff felt there were circumstances where urgent repairs were required costs were expected to be over £5,000 but that there was insufficient time to go through the normal financial procedures. Circumstances such fires and/or roof leaks where services were affected and repairs were required urgently. Therefore, it was agreed that orders that had been placed that did not follow the normal procurement route would be reported to the Capital Management Committee. Whilst the Assistant Director of Operations, Estates had asked for this to be included on the Agenda for the Capital Management Committee, it was not discussed in the August meeting.

The process has been agreed that where the department commission capital works but do not go through the appropriate SFI procedure that it will be reported by exception to the Estates Senior Management Team meeting and then to the Capital Management Committee. Orders of this nature are only to be used in exceptional circumstances and relate to situations which demand an urgent response. In the September 2021 meeting the Assistant Director of Operations, Estates noted that works had to be commissioned at short notice outside of SFI's to make safe Central Clinic after an arson attempt, which meant the building had to be evacuated, contractors were called in who worked through the weekend, to ensure services were back up and running as quickly as possible.

Capital Safeguarding Recommendation 8(0)

Financial vetting should be undertaken prior to entering into any contractual arrangement above £25k in value (in accordance with Standing Financial Instructions) at:

- **New tenders;**
- **Contract extensions; and**
- **Call-offs from frameworks.**

Estates should liaise with Finance and Capital Planning to establish requirements for financial vetting at the Local Framework.

The Department advised Internal Audit that they were working with Capital colleagues to ensure all procurements over £25,000 have appropriate contractual arrangements in place.

In relation to financial vetting, management advised this is undertaken on a risk assessed basis (by NWSSP: Procurement Services), with the majority of estates procurements considered low risk (recognising orders are only paid on completion of work/receipt of goods). Evidence of financial vetting undertaken at two large projects has been provided.

Internal Audit have reiterated their belief that the financial vetting process should be reviewed. To strengthen the arrangements within the department, any capital orders utilising the Framework have to go through the Assistant Director of Strategy, Capital offices for orders over £25K that are not procured through a capital route. The Assistant Director of Operations, Estates

has written to heads of department to advise them of the need to ensure that financial vetts are undertake.

The department is looking to strengthen its controls around the appointment of contractors and is going to utilise CHAS from April 2022. This is a Contractor Assurance Accreditation system. CHAS works with the Health Board free of charge to engage with all the contractors we use on a routine basis. They then provide an accreditation service where they review the contractors Health & Safety policies, insurances and financial standing. Whilst this is free to the Health Board contractors pay a fee to CHAS to hold accreditation. There are 4 levels of accreditation which have increasing levels of review of the health and safety and financial requirements. Whilst the Health Board cannot limit contractors only to those that have CHAS accreditation it will be advising all its contractors that having this accreditation will be taken into consideration when awarding contracts. The plan is to work with CHAS with a view to implementing these systems from April 2022. This will allow us to ensure any contractors appointed have been appropriately financially vetted. Where companies do not have CHAS accreditation they can be financially vetted using another system such as Construction Line.

Capital Safeguarding

Recommendation 12

All assigned stores personnel (both permanent and temporary cover) should be afforded appropriate training, in accordance with agreed protocols.

Management marked this recommendation 'Completed' as at 15/02/2021 based on the fact that staff within the department had been provided training on the stores system. This included training on the ORACLE system and the Planet FM System. The Department recognises that this is not a formal training programme but believed it had addressed the recommendations as the training provided allowed the staff to undertake their roles. The Department also recognises that there are formal storekeeping qualifications, however, the level of qualification is not normally associated with roles of this band within the department. The new Procurement Officer will consider the training requirements of staff once in post.

Capital Safeguarding

Recommendation 13(D)

Formal procedures should be developed and implemented for the management of Estates stores (in accordance with SFIs).

The Department closed this recommendation down as both sites operate different out of hours services so they each have their own procedures in place for the access to stores out of hours. An end of year stock takes was to be undertaken and a review of the store procedure. Unfortunately, the procurement member of staff assigned to do the work had a bereavement and has had an extended period of leave from the organisation. The Department are in discussions with procurement colleagues to reinstate this review and as is in the process of recruiting the Procurement Officer who will have as part of their duties. The responsibility of reviewing and implementing best practice in our stores procedures. It is hoped that the recruitment process will be completed in November. Therefore, whilst the Department feel work is ongoing procedures are in place for stores management.

Capital Safeguarding

Recommendation 14(0)

Stores practices should be reviewed and enhanced in line with audit findings and SFI requirements.

As recommendation 13 (D)

Control of Contractors

Recommendation 2(0)

All contractors should be appropriately vetted for health and safety competency and insurance arrangements prior to appointment. Evidence should be retained of checks made.

To address this issue the Department have reviewed a number of systems and is moving forward with CHAS. This is a Contractor Assurance Accreditation system. CHAS works with the Health Board free of charge to engage with all the contractors we use on a routine basis. They then provide an accreditation service where they review the contractors Health & Safety policies, insurances as well as staff training records and compliances.

Whilst this is free to the Health Board contractors pay a fee to CHAS to hold accreditation. There are 4 levels of accreditation which have increasing levels of review of the health and safety processes companies adopt. The Health Board cannot limit contractors only to those that have CHAS accreditation and will be advising all its contractors that having this accreditation will be taken into consideration when awarding contracts. The plan is to work with CHAS with a view to implementing these systems from April 2022. This will allow us to ensure any contractors appointed have appropriate documentation in place and where companies do not have CHAS accreditation they can be specifically asked for prior to tender award.

Control of Contractors

Recommendation 3(D)

The UHB's insurance requirements for contractors should be included within the Managing Contractors Policy (or supporting procedures).

The Department are going to review the Control of Contractor policy which will include the requirement for contractors to provide information on their insurance where appropriate.

Control of Contractors

Recommendation 4(D)

Estates should finalise and apply the new contractor evaluation spreadsheet at all appropriate new appointments.

Meetings took place in September 2021 with a number of companies to look at different systems available on the market, with a view to take this forward. The Health Board plans to review the options available before proceeding and we are working now with Procurement on the purchase on the preferred system.

Control of Contractors

Recommendation 5a(0)

Contractors/operatives should not be allowed to commence work on site without having received an induction.

Following the audit, the process detailed management response has been implemented. The first audit was undertaken in March of this year, with the next audit due in September. Unfortunately, due to staff illness within the department the review was completed in October and is due to be discussed at the next Senior Team.

**Control of Contractors
Recommendation 5b(0)**

A new in-house audit of induction compliance should be carried out, with the results reported to the appropriate forum/committee for scrutiny and further action where necessary.

Complete. Copies of reminder emails to be forwarded as evidence.

**Control of Contractors
Recommendation 6(0)**

Jobs should not be permitted to commence unless a Risk Assessment and Method Statement has been provided by the contractor.

This recommendation states "Jobs should not be permitted to commence unless a Risk Assessment and Method Statement has been provided by the contractor." Management had responded that they would identify tasks it felt warranted the risk assessments being reviewed." it did not stipulate that the Health Board would be auditing this process. ***Managers will be reminded of the requirement to have to review risk assessments and method statements. Copy of letter was forwarded to Audit.***

Within the changes the department are planning around contractor control and this will see further controls put into place to better manage this process and give the assurance that the risk assessment and method statements provided are fit for purpose.

RECOMMENDATIONS

SIGNED: