

# MOPAC

**MAYOR OF LONDON**  
OFFICE FOR POLICING AND CRIME

**DIRECTORATE OF AUDIT, RISK AND ASSURANCE**  
**Internal Audit Service to the GLA**

Appendix 1a

**REVIEW OF FACILITIES MANAGEMENT  
(INCLUDING HEALTH AND SAFETY)**

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### 1. Background

- 1.1 This audit has been carried out as part of the 2012/13 GLA audit plan. The objectives of Facilities Management (including Health and Safety) are to ensure that City Hall users have a safe and satisfactory working environment that complies with legal requirements.
- 1.2 We are looking to provide assurance that the following risks to the achievement of the business objectives are effectively managed:-
- Inadequate defined policies and procedures
  - Non-compliance with Statutory requirements and Regulations
  - Absence of risk management
  - Poor contract management
  - Inadequate security arrangements
  - Lack of accountability
  - Unsatisfactory working environment and injury
  - Ineffective monitoring arrangements
  - Inadequate management reporting, escalation and accountability
- 1.3 Facilities Management (FM) undertakes the management of City Hall premises by providing amenities, infrastructure and support services. City Hall is part of the 'More London' development located between London Bridge and Tower Bridge, on the south bank of the Thames. The GLA is leasing City Hall for a term of 25 years expiring in 2026. It has also been responsible for managing Trafalgar Square and Parliament Square since 2002.
- 1.4 The total budget for FM for 2012/13 is £10m (including salaries, rent, office moves), infrastructure £1.5m, London Squares £1.3m, amenities £336k (including cleaning, health and safety, event management) and support service £78k (including furniture and equipment, stationery, printing and postage).

### 2. Audit Assurance

#### Adequate Assurance

The control framework for the delivery of effective facilities management is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.

### 3. Areas of Effective Control

- 3.1 Detailed guidance for the security of personnel, booking of events, Trafalgar and Parliament Squares are in place and located on the Facilities web page which is accessed by all GLA personnel. The Health and Safety Policy has been properly approved and is located on the FM website. Statutory requirements are reflected in policy and procedures as appropriate. FM also maintains a Helpdesk which is accessed via the FM website.
- 3.2 A clearly defined Facilities staff structure is in place and areas of responsibility and accountability are allocated to nominated staff within FM. External contractors are appointed and managed by FM and contracts clearly define the responsibilities of all parties.
- 3.3 External specialists have been appointed for health and safety and are responsible for providing training, advice and giving assurance that external contractors have satisfactory health and safety arrangements in place. Regular health and safety audits take place and there is a network of health and safety co-ordinators who report to a Safety Committee.
- 3.4 Effective monitoring arrangements governing FM service delivery are in place. As part of contract monitoring requirements external contractors submit monthly service review reports to FM which are discussed and agreed at monthly meetings with external contractors. Appropriate action is taken to address poor contractor performance. Regular meetings are also held with FM staff and their managers and annual appraisals are undertaken.
- 3.5 FM budgets are regularly monitored by the budget holder and designated accountants.
- 3.6 Adequate reporting arrangements are in place to enable decision making, planning and delivery of FM services. Regular meetings are held with FM, contractors, health and safety specialists and GLA personnel and actions are identified and followed up as appropriate. A working group representing FM, Directorates, HR and Finance also monitor the occupancy of floor space at City Hall on a regular basis. A recent review of the allocation of security passes was also conducted to improve the overall security of City Hall.

### 4. Key Risk Issues for Management Action

- 4.1 The Head of Facilities reports any key risks identified by FM to the Governance and Resilience Team for consideration for inclusion on the corporate risk register. The current corporate risk register does not, however, contain any risks relating to FM and it is not clear how mitigating actions are captured and subsequently monitored.

- 4.2 We were unable to find supporting documentation that confirmed what checks are undertaken by FM on repairs and maintenance to confirm work is carried out prior to payments being made to contractors.
- 4.3 It was not clear from FM account reports whether individual budget lines are allocated for all activities relating to FM. Expenditure is posted where budgets are not allocated. There is a risk that budgets may be overspent and commitments being made where no monies are available.

## FINDINGS AND RECOMMENDATIONS

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### 5. Review Objectives

5.1 We reviewed the adequacy of controls to mitigate the risks relating to Facilities Management (including Health and Safety). In particular, we are looking to provide assurance that:-

- Statutory requirements, policies and procedures are clearly documented, approved, issued and regularly reviewed. A framework is in place which shows all responsible areas within Facilities Management.
- Accountabilities, roles and responsibilities are clearly defined, properly approved and effectively discharged (including external contractors).
- Effective monitoring arrangements are in place to ensure compliance with statutory requirements, regulations, policies and procedures.
- Adequate reporting arrangements are in place to enable effective decision making, planning and delivery.

### 6. Scope

6.1 We reviewed the effectiveness of the procedures and controls established by the Authority to mitigate the risks associated with Facilities Management (including Health and Safety). This included a review of statutory requirements, policies and procedures, roles and responsibilities, monitoring arrangements, reporting and delivery and included Parliament and Trafalgar Squares. We also looked at management's assessment of risk in this area. We did not review London House in Brussels and business continuity was not included in the review as this has been subject to a previous audit.

### 7. Policies and Procedures

7.1 A clearly defined framework is in place for FM, including health and safety, to undertake the management of City Hall premises through amenities, infrastructure and support services. FM is also responsible for health and safety at Trafalgar and Parliament Squares. External contractors are appointed by FM to undertake various FM activities which include security at City Hall and the Squares, health and safety, infrastructure and catering services at City Hall and Trafalgar Square. Adequate policy and procedures are in place governing this activity.

7.2 Local documented risk assessments are undertaken by FM and include for example infrastructure and security arrangements at the City Hall, indicating responsibility for the risk and actions taken to mitigate risks identified.

7.3 The Head of Facilities reports any key risks identified by FM to the Governance and Resilience Team (these have included risks associated with for example flooding) for consideration for inclusion on the corporate risk register. The current

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corporate risk register does not, however, contain any risks relating to FM and it is not therefore clear where mitigating actions are captured and monitored.

### Risk and Recommendation

Failure to record and monitor mitigating actions for key FM risks identified could result in risks materialising.

We therefore recommend that the mitigating actions for dealing with key FM risks are properly recorded and monitored.

- 7.4 A detailed Health and Safety Policy is in place and published on the FM GLA web site. The Policy includes information relating to; management and employee responsibilities in relation to health and safety, safety and policy arrangements, risk assessments, accident reporting and first aiders, performance monitoring and inspections, health and safety co-ordinators and Safety Committee. The approved policy is applicable to all personnel, reflects statutory requirements and was signed off by the Executive Director, Resources in October 2011. Accident books are also maintained and reviewed to record and address any accidents at City Hall and the Squares.
- 7.5 Details for requesting and booking of events for City Hall and Trafalgar Square are published on the FM GLA website. Further standard guidance and requirements are also issued by FM following a booking request. GLA regulations and byelaws relating to Trafalgar and Parliament Squares form part of the guidance sent out to clients booking events. Further assistance and support can be obtained from the FM help desk function, where faults are reported, hot desks booked and advice or assistance is given.
- 7.6 Statutory requirements for FM activities are identified by FM and actions are undertaken jointly by FM and external contractors to ensure they are met. Records of checks carried out and outcomes are maintained. We reviewed a sample of reviews carried out by the external contractors, these included emergency lighting, lift operations and fire alarm testing. The checks were undertaken on a regular basis and supported by adequate documentation.

## 8. Roles and Responsibilities

- 8.1 The FM team structure consists of support services, amenities and infrastructure including responsibility for Parliament and Trafalgar Square. First aiders and fire wardens have been appointed as required and records are maintained to support training that has been given and equipment issued as necessary.
- 8.2 A working group representing FM, Directorates, HR and Finance monitors the occupancy of floor space at City Hall. The group identifies space at City Hall for



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each of the directorates and desks are allocated based on their requirements. FM were also responsible for managing the FM requirements for the recent transfer of the HCA and the remaining functionality of the LDA into City Hall. An Accommodation Strategy is currently being updated following the recent elections and will take into account any new transfers into and the removal of teams from the City Hall, following completion of the London Games.

- 8.3 External contractors “White Young Group” (WYG) have been appointed by the GLA to provide the health and safety function. This includes; training, advice and undertaking annual audit reviews at City Hall and the Squares. WYG also provide assurance to the GLA that health and safety issues are being addressed by GLA external contractors. The most recent health and safety audit review was undertaken by WYG in November 2011. The overall rating was green with a sound system of control in place. Nine recommendations were categorised as amber (i.e. some weaknesses identified). However, management responses for the issues raised, responsibility and target dates for implementation were not agreed and documented. To enhance control and ensure appropriate action is taken we would recommend agreed actions are documented.
- 8.4 A list of contracts is maintained by FM and show the accountabilities for the management of the contract with a FM contract manager, including length, value, extension options, tender/extension in progress, live and in date, contract no longer controlled by GLA and terminations. Contracts are in place covering infrastructure, maintenance, security, waste management, health and safety, catering and cleaning. A total of 24 contracts were recorded including four that were in a tender and/or extension process via TfL. We reviewed the following:-

Type	Contractor	Value
Infrastructure for City Hall	Norland Managed Services Ltd	£2.5m for 5 years
Security Wardens at Trafalgar Square	CUK Security Services Limited	£385k pa
Health and Safety	White Young Group “WYG”	£169k
Catering	OCS Group Ltd	Nil Cost Commercial Contract

- 8.5 Contracts have been properly approved by the Executive Director - Resources on behalf of the GLA and clearly define the responsibilities of the GLA and the appointed contractors. This includes responsibility for the security of staff, health and safety, maintenance of City Hall and the Squares and statutory requirements.
- 8.6 An extension of two years was granted in March 2012 to OCS Group for catering services and approved by the Executive Director - Resources. The contract is due to expire in July 2014. The option to extend the contract was part of the contract

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agreement with OCS and the GLA. An authority for variation form has also been completed for the catering contract in August 2011 relating to profit sharing between the GLA and OCS group. The change to contract terms now states that any profit made by OCS over £35k will result in profits being shared equally with the GLA. The variation had been agreed with OCS and Executive Director - Resources at the GLA.

- 8.7 The Amenities Team is responsible for the booking of events / rooms at City Hall and the Squares. We reviewed bookings for City Hall and Trafalgar Square for March 2012. A total of 36 bookings had been made at City Hall and 17 events at Trafalgar Square. Agreements were found for the bookings at City Hall and Trafalgar Square. However, of the City Hall bookings, 19% of the agreements had not been signed by either the GLA or the client and 12% of Trafalgar Square events agreements were not signed by GLA or the client.

### Risk and Recommendation

Absence of signed agreements by all relevant parties could invalidate the terms and conditions of the contract.

We recommend that all agreements are signed by the relevant parties.

- 8.8 Adequate systems are in place for security and the issue of passes for access to City Hall. A City Hall Security Pass Issue Policy is in place which can be accessed by all GLA personnel. A review was undertaken in February 2012 by FM which found that a significant number of passes had been issued on the access control system, compared to the number of staff permanently based at City Hall. FM undertook a change of old for new passes in April 2012 and deleted all the old style passes from the system. Further analysis showed that the considerable amount of passes was due to the number of “functional body or group” staff that were afforded access to City Hall e.g. LDA, TfL, MPS, LFEPA and MPA (now MOPAC) but who actually visited City Hall infrequently. A system has now been introduced for these groups where temporary passes are issued on a semi-regular basis e.g. Shared Services and Group passes.
- 8.9 New forms were introduced for the application of a pass which require authorisation from the line manager, relevant Director or Chief of Staff, HR Manager and Security Manager. Confirmation of receipt of a pass is acknowledged on the authorisation form by the member of staff. Details of all issued passes are recorded on an IT database maintained by FM. Approximately 1171 passes are on the system, however, this includes provision for the major influx of temporary staff for the London Games who are due to leave City Hall between October and the end of the year. The number of passes also includes lost cards (15 cards reported lost since April 2012), group cards and shared service passes. Time periods are shown on the authorisation forms and are programmed on the passes issued. Once the expiry date is reached access is automatically stopped.

- 8.10 Payments for repairs and maintenance are listed in the infrastructure monthly service report and agreed with the infrastructure manager and contractors. We reviewed a sample of payments and could not locate all relevant supporting documentation for payments made. Checks are undertaken by FM to confirm that works have been completed; however, supporting documentation was not located to confirm the work was actually carried out prior to payment.

### Risk and Recommendation

Failure to retain supporting documentation for payments made, reconciliation of payments and to confirm the level of checks undertaken may result in inaccurate payments being made.

We recommend that supporting documentation is retained to support all payments made for repairs and maintenance and confirmation that works have been carried out.

## 9. Monitoring

- 9.1 Health and safety coordinators have been appointed within each directorate of City Hall. Health and safety co-ordinators report to the external health and safety specialists at the coordinators meetings held on a regular basis. Issues are identified at the meetings and are taken to the Safety Committee for action.
- 9.2 Adequate details are shown on the monthly reports of performance and monitoring of external contractors. Contractors are required to submit service review reports to FM on a monthly basis and service reports were received for Security Wardens, Catering, Infrastructure, and Health and Safety.
- 9.3 The reports contained appropriate details of health and safety, overviews, finances and staff. Meetings are also held with FM and external contractors on a quarterly basis. Checks and visits to sites are undertaken by FM personnel and include; reviews at the Squares, catering and repairs and maintenance at City Hall. Planned works and jobs identified at locations are recorded by Facilities on their database and maintenance requirements are detailed in contracts with service providers. Separate maintenance plans are in place for the separate sites which are built into the maintenance contracts and monitored through the monthly and quarterly meetings with the contractors.
- 9.4 First aiders and fire wardens training records are maintained by FM and also provide details when refresher courses are due. Accident books are maintained at both City Hall and the Squares. Details are recorded of all accidents and follow up action is taken as and when required.

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- 9.5 We reviewed outturn reports for the financial year 2011/12 for FM, covering FM, support services, infrastructure, amenities and Squares. An over spend of £1.1m was noted for Facilities and Squares Management, primarily for repairs and maintenance on London Squares as a result of demonstrations. This overspend was covered by the resource budget which reported an overall underspend of £19m for the last financial year.
- 9.6 Budgets are monitored by the budget holder and accountants. Budgets have been allocated for the individual sections within FM. However, funding was not allocated for some budget lines.

### Risk and Recommendation

Inappropriate allocation of funds may result in overspends and commitments being made where no monies are available, contrary to Financial Regulations.

We recommend that budgets are reviewed to ensure allocations are in line with requirements.

## 10. Reporting

- 10.1 Minutes from the quarterly Health and Safety Committee meetings from the previous three months chaired by the Executive Director - Resources and attended by representatives from the GLA directorates demonstrate that issues are identified and actions allocated to relevant personnel.
- 10.2 FM user group meetings held on a quarterly basis are attended by FM and representatives from the GLA. All aspects of FM – support services, infrastructure and amenities are discussed at these meetings. FM questions are raised and responses reported at the meeting. The Head of Facilities also has regular one to one meetings with the Executive Director - Resources to discuss FM matters.
- 10.3 Accident books are in place at City Hall and the Squares and reviewed by FM. Accidents are subsequently recorded on a spread sheet by FM which forms part of the management report submitted to the Safety Committee on a quarterly basis and action is taken where required.
- 10.4 FM monthly statistics are produced and published on the FM website. They included such data as; the number of visitors to City Hall (of which there was 1,351 during April 2012, including 50% that were not notified) and 645 items that were retained, items which are categorised as offensive weapons e.g. pen knives and scissors which are confiscated, at the security service point at the GLA and are either returned to the owner when leaving the GLA or passed to the Police. Data also showed for April 2012, 954 calls were received on the helpdesk with 96% being answered and 635 helpdesk jobs received with 97% being completed. Square events, hospitality, room bookings and switchboard calls are also subjects of monthly statistics.

10.5 Key Performance Indicators (KPIs) are identified as part of contract management, are included in external contracts and are monitored as part of the service review meetings held with FM and contractors. FM can exercise the power to terminate contracts (and has done so in the past) and reduce payments to contractors if KPIs are not met.

**RISK AND AUDIT ASSURANCE STATEMENT - DEFINITIONS**

Overall Rating	Criteria	Impact
<b>Substantial</b>	There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.	There is particularly effective management of key risks contributing to the achievement of business objectives.
<b>Adequate</b>	The control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.	Key risks are being managed effectively, however, a number of controls need to be improved to ensure business objectives are met.
<b>Limited</b>	The control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives.	Some improvement is required to address key risks before business objectives can be met.
<b>No Assurance</b>	A control framework is not in place to mitigate key risks. The business area is open to abuse, significant error or loss and/or misappropriation.	Significant improvement is required to address key risks before business objectives can be achieved.

**RISK RATINGS**

Priority	Categories of recommendation according to level of priority.
<b>1</b>	Critical risk issues for the attention of senior management to address control weakness that could have significant impact upon not only the system, function or process objectives, but also the achievement of the organisation’s objectives in relation to: <ul style="list-style-type: none"> <li>• The efficient and effective use of resources</li> <li>• The safeguarding of assets</li> <li>• The preparation of reliable financial and operational information</li> <li>• Compliance with laws and regulations</li> </ul>
<b>2</b>	Major risk issues for the attention of senior management to address control weaknesses that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisational objectives.
<b>3</b>	Other recommendations for local management action to address risk and control weakness that has a low impact on the achievement of the key system, function or process objectives ; or this weakness has exposed the system, function or process to a key risk, however the likelihood is this risk occurring is low.
<b>4</b>	Minor matters need to address risk and control weakness that does not impact upon the achievement of key system, function or process or process objectives; however implementation of the recommendation would improve overall control.

## ACTION PLAN

Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
7.3	The Head of Facilities reports any key risks identified by FM to the Governance and Resilience Team (these have included risks associated with for example flooding) for consideration for inclusion on the corporate risk register. The current corporate risk register does not, however, contain any risks relating to FM and it is not, therefore clear where mitigating actions are captured and monitored. Failure to record and monitor mitigating actions for key FM risks identified could result in risks materialising.	2	The mitigating actions for dealing with key FM risks are properly recorded and monitored.	Yes	Going forward FM risks will be incorporated  Support Services Manager	Oct12
8.7	The Amenities Team is responsible for the booking of events / rooms at City Hall and the Squares. We reviewed bookings for City Hall and Trafalgar Square for March 2012. A total of 36 bookings had been made at City Hall and 17 events at Trafalgar Square. Agreements were found for the bookings at City Hall and Trafalgar Square. However, of the City Hall bookings, 19% of the agreements had not been signed by either the GLA or the client and 12% of Trafalgar Square events agreements were not signed by GLA or the client. Absence of signed agreements by all relevant parties could invalidate the terms and conditions of the contract.	3	All agreements are signed by the relevant parties.	Yes	Going forward this will be implemented for new agreements  Amenities Manager	Oct12

## ACTION PLAN

Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
8.10	Payments for repairs and maintenance are listed in the infrastructure monthly service report and agreed with the infrastructure manager and contractors. We reviewed a sample of payments and could not locate all relevant supporting documentation for payments made. Checks are undertaken by FM to confirm that works have been completed; however, supporting documentation was not located to confirm the work was actually carried out prior to payment. Failure to retain supporting documentation for payments made, reconciliation of payments and to confirm the level of checks undertaken may result in inaccurate payments being made.	3	Supporting documentation is retained to support all payments made for repairs and maintenance and confirmation that works have been carried out.	Yes	Going forward a process will be established  Infrastructure Manager	Nov 12
9.6	Budgets are monitored by the budget holder and accountants. Budgets have been allocated for the individual sections within FM. However, funding was not allocated for some budget lines. Inappropriate allocation of funds may result in overspends and commitments being made where no monies are available, contrary to Financial Regulations.	3	Budgets are reviewed to ensure allocations are in line with requirements.	Yes	FM will work with Finance to address this  Head of Facilities Management/ Assistant Director of Finance	Mar13