



MANAGEMENT AUDIT UNIT

CUMBRIA POLICE INTERNAL AUDIT REPORT

PROPERTY MANAGEMENT

Draft Report Issued: September 2005
Final Report Issued: October 2005

1.0 INTRODUCTION

- 1.1 The purpose of this review was to assess the management of the property services contract currently in place between Cumbria Constabulary and Capita-Symonds. Testing was performed to ensure adequate monitoring is performed of service delivery and appropriate documentation is in place for the contract. Additional testing was performed to ensure the accuracy of payments to the contractor.
- 1.2 The contract comprises delivery of the Constabulary’s capital and maintenance programmes in addition to supplying unplanned maintenance as and when required. Capita-Symonds are responsible for commissioning work to third-party contractors and in the case of capital work they are also responsible for design.
- 1.3 The following members of staff provided information during the audit review:
- Philip Robinson, Estates and Facilities Manager
 - Steven Coulthard, Estates Management Officer
 - Inge Frediani, Estates Administrator
 - Andrew Butcher, Procurement Manager
- 1.4 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:
- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed.
- Grade 2: Recommendation which should be addressed in order to establish a satisfactory level of internal control.
- Grade 3: Minor recommendation made to improve the system under review.
- 1.5 Recommendations to this report are included as Appendix 1 – Summary of Recommendations & Action Plan.

2.0 OVERALL EVALUATION & CONCLUSION

- 2.1 **The evaluation of controls is based on testing carried out at the time of the audit, usually based on sampling. Management Audit assesses the controls operating in each audited area as ‘good’, ‘satisfactory’, ‘fair’ or ‘weak’. This assessment is based on the number and grading of recommendations made.**
- 2.2 **Controls have been evaluated as follows:**

AREA REVIEWED	EVALUATION
Contract Documentation	Good
Management Structure	Good
Service Delivery and Performance	Satisfactory
Payments to Contractor	Good
Default Notices / Financial Penalties	Satisfactory
OVERALL EVALUATION	Good

- 2.3 **Although the overall audit assessment is good it should be noted that areas of improvement have been identified that require addressing:**
- **Key Performance Indicators should be measured and reported formally to ensure adequate monitoring of Performance.**
 - **Details of agreed actions resulting from liaison minutes with the contract should be documented, as stated in the contract.**
 - **Efficiency savings should be formally identified, quantified and formally reported.**

3.0 AUDIT SCOPE

3.1 The following key control areas and associated risks were identified:

<i>Key Control Area</i>	<i>Key Potential Risks</i>
Contract Documentation	<ul style="list-style-type: none"> Lack of clarity over service provision and accountability in cases of dispute..
Management Structure	<ul style="list-style-type: none"> Responsibility for managing contract unclear. Insufficient management of contract due to limited resources.
Service Delivery and Performance requirements documented and agreed.	<ul style="list-style-type: none"> Management of contract based on inaccurate / insufficient performance information. No liaison with contractor to discuss issues. Poor service delivery Failure to provide value for money.
Payments to Contractor	<ul style="list-style-type: none"> Payments paid at incorrect rates. Payments made for work not performed.
Default Notices / Financial Penalties	<ul style="list-style-type: none"> No incentive to ensure appropriate level of service. Full payment made for sub-standard work.

4.0 DETAILED FINDINGS & RECOMMENDATIONS

4.1 CONTRACT DOCUMENTATION

CONTROL	COMMENT	EVALUATION	REC. REF.
A formally approved contract is in place detailing requirements of the agreement between client and contractor.	<p>A five-year contract for the provision of property services was awarded to Capita-Symonds in February 2002 as a result of a competitive tendering exercise. Internal Audit has previously reviewed the tendering of this work.</p> <p>The tender submitted by Capita-Symonds was integrated into the contract agreement. A copy of this tender is retained in the Estates office for reference.</p> <p>The Procurement Manager provided Internal Audit with a copy of the draft agreement with Capita-Symonds. The Estates and Facilities Manager informed Internal Audit that the signed copy of the contract is retained in Legal Services.</p>	Good	
Changes to the contract are agreed and formally approved.	The Estates and Facilities Manager informed Internal Audit that no changes have been made to the initial agreement. If changes are required a protocol is in place for negotiation and approval of changes.	Good	

4.2 MANAGEMENT STRUCTURE

CONTROL	COMMENT	EVALUATION	REC. REF.
<p>Responsibility for monitoring contract is defined and delegated to appropriate personnel.</p>	<p>Overall responsibility for management of the property services contract lies with the Estates and Facilities Manager. The Estates team are responsible for managing various areas including individual capital projects and invoice accuracy.</p> <p>There are currently six posts within the Estates team. Two of these posts (Estates Maintenance Officer and Estates Project Officer) have recently been created and are currently going through the recruitment process.</p>	<p>Good</p>	

4.3 SERVICE DELIVERY & PERFORMANCE

CONTROL	COMMENT	EVALUATION	REC. REF.
<p>Service delivery performance is reported and monitored at an appropriate level.</p>	<p>Key Performance Indicators were agreed between the Constabulary and Capita-Symonds in March 2004. Capita-Symonds provides various performance reports, such as progress against schedules and time taken to perform unplanned maintenance for review by the Constabulary. There is evidence that this information is reviewed and monitored within the Estates office.</p> <p>There is currently no formal reporting of performance against agreed targets. The Estates and Facilities Manager informed Internal Audit that this will be considered once the Estates Maintenance Officer is appointed.</p> <p>Implementing and recording a number of key performance measures will aid in reviewing service delivery. Poor performance against specified targets would highlight areas of concern.</p> <p>The Estates and Facilities Manager regularly attends Accommodation Working Group meetings. Meetings report on the progress of current capital projects.</p>	<p>Satisfactory</p>	<p>R1</p>

CONTROL	COMMENT	EVALUATION	REC. REF.
<p>Regular liaison meetings take place between client and contractor to discuss performance / resolve disputes.</p>	<p>The Estates and Facilities Manager informed Management Audit that regular meetings take place between the Constabulary and Capita-Symonds to discuss performance.</p> <p>Files comprising correspondence and minutes in respect of building maintenance are held by Estates. Minutes were held on file for meetings up to September 2003. No further minutes could be located.</p> <p>Through discussions with relevant parties and a review of correspondence Internal Audit are satisfied relevant meetings take place.</p> <p>The contract states that all meetings should be chaired and minuted by Capita-Symond's Contract Manager. Currently formal minutes are not taken of minutes.</p> <p>Documentation should be available on file referring to agreed actions between the Constabulary and Capita-Symonds.</p> <p>Files are also maintained for individual capital projects. Regular correspondence and site meeting minutes are retained.</p>	<p>Satisfactory</p>	<p>R2</p>
<p>Level of customer satisfaction is effectively monitored.</p>	<p>Customer satisfaction is managed informally via discussions with relevant personnel. Problems with aspects of the contract are communicated to the Estates team. Correspondence is maintained on file where issues have been raised with Capita-Symonds.</p> <p>Additionally 10% of both contractor and client fees are retained for one year as an incentive to ensure satisfactory completion of capital works</p> <p>The Estates and Facilities Manager feels that the introduction of formal measures of satisfaction, such as questionnaires would not add value to the current process.</p>	<p>Good</p>	
<p>Efficiency savings are identified and monitored.</p>	<p>The tender document incorporated into the contract includes a guarantee that Capita-Symonds will help identify 2% annual efficiency savings.</p> <p>No formal reporting of savings has taken place. The Estates and Facilities Manager informed Internal Audit that Capita-Symonds have identified a saving of circa £60k based on a reduction of fees.</p>	<p>Fair</p>	<p>R3</p>
RECOMMENDATIONS			
<p>R1</p>	<p>To enable effective monitoring consideration should be given to formally reporting key performance measures to a suitable level within the Constabulary. (Grade 2)</p>		

RECOMMENDATIONS

R2	Minutes of meetings taken by Capita-Symonds should be provided to Cumbria Constabulary. Minutes should be retained on file. (Grade 2)
R3	As stated in the contract efficiency savings should be identified, quantified and regularly reported to the Constabulary for monitoring. (Grade 2)

4.4 PAYMENTS TO CONTRACTOR

CONTROL	COMMENT	EVALUATION	REC. REF.
All payments to contractors are accurate, supported and authorised.	<p>Payments to Capita-Symonds are charged at a flat rate of 11.95% of contractors work. This rate was agreed to supporting documentation.</p> <p>A review of maintenance and Capital expenditure found payments to be paid at 11.95%, accurate to supporting documentation and appropriately authorised.</p>	Good	

4.5 DEFAULT NOTICES / FINANCIAL PENALTIES

CONTROL	COMMENT	EVALUATION	REC. REF.
Procedures are in place to penalise poor performance.	<p>The current contract with Capita-Symonds does not include penalty clauses. The Estates and Facilities Manager is aware of this weakness and is aiming to address this as part of the renewal of the contract.</p> <p>Evidence is maintained on file evidencing management of the current contract. Correspondence with Capita-Symonds detailing performance issues is maintained by the Estates Office.</p>	Satisfactory	

RECOMMENDATIONS

R4	When the Property Services contract is renewed / next tendered consideration should be given to the inclusion of formal penalty clauses. (Grade 2)
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SUMMARY OF RECOMMENDATIONS & ACTION PLAN
(TO BE COMPLETED BY POLICE HQ)

REPORT REFERENCE	GRADE	RECOMMENDATION	ASSOCIATED RISK	PERSON RESPONSIBLE (to be completed by client)	AGREED / INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
R1	2	To enable effective monitoring consideration should be given to formally reporting key performance measures to a suitable level within the Constabulary.	Poor performance not identified.	Estates & Facilities Manager	Whilst performance indicators are in place they are currently in their infancy. When sufficient detail is obtained these will be presented in the Estates & Facilities Department Annual Report to the Director of Finance, Senior Officer Team and the Police Authority.	April 2006
R2	2	Minutes of meetings taken by Capita-Symonds should be provided to Cumbria Constabulary. Minutes should be retained on file.	No evidence of agreed actions in event of dispute.	Estates & Facilities Manager & Estates Staff	Formal minutes of all meetings held between Estates staff and Capita will be recorded and filed appropriately.	November 2005
R3	2	As stated in the contract efficiency savings should be identified, quantified and regularly reported to the Constabulary for monitoring.	Contract fails to offer value for money.	Estates & Facilities Manager	The Estates & Facilities Manager will report through the Estates & Facilities Department Annual Report the efficiencies that Capita have made throughout the year period. Estates & Facilities Manager to contact Capita and request that efficiency information is made available in March of each year of the contract.	April 2006

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R4	2	When the Property Services contract is renewed / next tendered consideration should be given to the inclusion of formal penalty clauses.	Unable to take action against poor delivery of service.	Estates & Facilities Manager / Director of Finance & Resources / Procurement Manager	The Estates & Facilities Manager will ensure consideration is given to incorporating penalty / performance clauses into any new external estates services contracts that are entered into. This recommendation has also been made in recent HMIC inspections and is documented and fully endorsed by the both the estates manager and procurement officer.	April 2007

ACTION PLAN AGREED BY: Philip Robinson	DATE: 26/10/05
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