



NOTTINGHAM CITY HOMES

**APPRAISAL REVIEW OF THE
ASBESTOS ARRANGEMENTS**

Report issued: June 2009

Audit Plan: 2008/09

The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Business Assurance

Appraisal Review of the Asbestos Arrangements

- EXECUTIVE SUMMARY -

INTRODUCTION

1. TIAA has reviewed the Asbestos arrangements at Nottingham City Homes. The review was carried out in March 2009 as part of the planned internal audit work for 2008/09.

SUMMARY

2. One Key Risk Mitigation Objective was tested and based on the findings from this work an overall evaluation of the overall adequacy of the corporate governance and risk management was established (figure 1 below).

Figure 1 - Evaluation of the Effectiveness of the Risk Mitigation Arrangements

Evaluation
Reasonable Assurance

KEY FINDINGS

3. The following significant matter was identified which needs to be addressed in order to strengthen further the control environment.
 - Although referred to within the procedures manual, the Asbestos Policy does not make clear reference to who is the designated duty holder.

MANAGEMENT RESPONSES

4. Recommendations for control improvements should be assessed by the Company for their full impact before they are implemented. The principal purpose of the review was to appraise the effectiveness of the arrangements in mitigating against the risk of delivering an inefficient service. The Operational Effectiveness action points should not be considered to be exhaustive and these suggested improvements should be assessed by the Company for their full impact before they are implemented.
5. The table below sets out the history of this report.

Date draft report issued:	24 th March 2009
Date revised draft report issued:	28 th April 2009
Date management responses recd:	13 th May 2009
Date final report issued:	15 th May 2009
Date revised final report issued:	5 th June 2009

MANAGEMENT ACTION PLAN

Para. Ref.	Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer
14.1	<p>The Asbestos Policy be amended to include:-</p> <ul style="list-style-type: none"> • Delegation levels of operational responsibility for asbestos management, e.g. to an individual supported by the Health + Safety Team. • Identification of the “duty holder” under the Control of Asbestos at Work Regulations 2006 • The use of specialist external consultants and licensed contractors. • Communication to tenants with regard to ACMs found within their home. 	2	<p><i>Company structure involving asbestos to be entered into Asbestos Policy.</i></p> <p><i>Director of Property Services to be identified as duty holder.</i></p> <p><i>Policy to be amended and procedures to be updated.</i></p> <p><i>Policy to be amended.</i></p>	<p><i>August 2009</i></p> <p><i>August 2009</i></p> <p><i>August 2009</i></p> <p><i>August 2009</i></p>	<p><i>Steve Walters – Asbestos Officer</i></p> <p><i>Tim Shirley – Asset Date Manager</i></p> <p><i>Steve Walters – Asbestos Officer</i></p> <p>“</p>

PRIORITY GRADINGS

1	URGENT	fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	control issue on which action should be taken.
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Appraisal Review of the Asbestos Arrangements

Para. Ref.	Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer
14.2	Reports be produced to Management Team and Board relating to asbestos, both its impact, potential costs and progress relating to the surveys completed.	3	<i>The way H&S matters are reported to EMT and Board is currently under review - refer to item 3.5 of the company H&S Strategy. This includes an annual report which will encompass progress with the asbestos survey programme.</i>	<i>December 2009</i>	<i>Ian Rabbet – Head of Health and Safety</i>
14.3	The possibility of asbestos being found in Company's properties be included in the risk register.	3	<i>Will include within Property Service Risk Register presently being reviewed which will feed into company wide register.</i>	<i>July 2009</i>	<i>Tim Shirley – Asset Date Manager</i>
14.4	Consideration be given to providing Asbestos Awareness training to Property Services office based staff and service managers and area housing staff.	3	<i>This will be addressed by item 8.1 of the H&S training Strategy. It is likely that asbestos awareness training will be extended as a result, but not to employees who will not benefit. Subject to EMT agreement, asbestos awareness training to be rolled out to include all staff as well as operatives who may visit NCH managed homes including their managers where necessary.</i>	<i>December 2009</i>	<i>Ian Rabbet – Head of Health and Safety</i>

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OPERATIONAL EFFECTIVENESS MATTERS

Para. Ref.	Item	Management Comments
	No Operational Effectiveness Matters were identified.	

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of the procedures, rather than on an one-by-one basis

- DETAILED REPORT -

SCOPE AND LIMITATIONS OF THE REVIEW

6. The review appraised the extent to which the Company has taken action to identify and manage Asbestos in its properties.
7. The scope of the review did not include evaluation of system controls or detailed compliance testing of the individual records.
8. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.
9. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

KEY RISK MITIGATION OBJECTIVE

10. Details of the Key Risk Mitigation Objective that was reviewed and the individual assessment of the effectiveness of the arrangements are shown below (figure 2 below).

Figure 2 - Summary of the Key Risk Mitigation Objective

Risk	Mitigation	Assurance Assessment
Failure to operate the process in an efficient and effective manner.	Arrangements in place provide for the efficient operational delivery of the required service.	Reasonable Assurance

11. This review identified the practices that are being operated by the Company and an assessment of the effectiveness of the arrangements in meeting the Key Risk Mitigation Objective is provided. The assessments, which are based solely on the review work carried out, are:

- Substantial Assurance** The arrangements are designed to meet the organisation's objectives and they accord with expected practice.
- Reasonable Assurance** There are generally sound arrangements designed to meet the organisation's objectives. However, some expected practices were not present which may result in the continuous and effective achievement of the organisation's objective not being achieved all the time.
- Limited Assurance** There is considerable risk that the arrangements will fail to meet the organisation's objectives as the practices in place are not sufficient to ensure the continuous and effective achievement of the organisation's objective.
- No Assurance** The arrangements are insufficient to ensure that activities and procedures are operating to achieve the organisation's objective.

BACKGROUND

12. The Company are in the process of completing a type-2 asbestos survey of all properties, which is to be completed by the end of 2010. To date 30% have been completed.

Risk	Failure to operate the process in an efficient and effective manner.		
Risk Control Objective	Arrangements in place provide for the efficient operational delivery of the required service.	Evaluation	From the review of the documentation and tests carried out the Control Evaluation is: <u>Reasonable Assurance</u>

13. The following matters were identified in reviewing the Key Risk Control Objective:

- 13.1 The Asset Management Strategy dated July 2008 makes reference to the type of asbestos survey to be completed.
- 13.2 An Asbestos Policy dated July 2008 is in place signed by the Asbestos Officer and the Director of Property Services. This does not refer to: -
 - Delegation levels of operational responsibility for asbestos management, e.g. to an individual supported by the Health + Safety Team
 - Identification of the “duty holder” under the Control of Asbestos at Work Regulations 2006
 - The use of specialist external consultants and licensed contractors
 - Communication to tenants in relation to ACMs found within their home
 (Recommendation 14.1 refers).
- 13.3 The Asset Data Manager has overall responsibility. The day-to-day responsibilities are with the Asbestos Officer and the Assistant Asbestos Officer.
- 13.4 Reports are not routinely produced to Management Team and Board relating to asbestos, including its impact and potential costs. (Recommendation 14.2 refers).
- 13.5 The possibility of asbestos being found in the Company’s properties has not been identified in the risk register. (Recommendation 14.3 refers).
- 13.6 Savills have been contracted to carry out type 2 surveys on all of the Company’s property before the end of 2010. This will be carried out at the same time that the stock condition survey (used for the program of Decent Homes work) and a Health and Safety survey are carried out. To date approximately 30% of the Company’s housing properties have been surveyed with 78% identified as containing differing degrees of ACMs.
- 13.7 Documented procedures are in place dated July 2008 and were prepared by the Asbestos Officer.
- 13.8 All Company employees receive induction training. A small amount of Asbestos training is covered as part of this induction for the Company’s own Maintenance Team. All employees where it is considered relevant are provided with Asbestos Awareness training. This is given by the Senior Health and Safety Advisor or the Health and Safety Advisor and covers the identification of ACMs and where they may be found. The need for training is currently identified at performance appraisals and performance and development reviews, although future training will be compulsory according to a planned programme initially for Property Services operatives and managers.

- 13.9 The Company's Contract Services team, who have received asbestos awareness training and informed of the need to report suspicions to the Asbestos Team, carries out responsive and planned maintenance. Asbestos reporting forms part of the construction phase plans and site induction with external contractors and sub contractors. It is also included in the tender process in the obligation and responsibilities document.
- 13.10 A Learning and Development meeting was held on 5th March 2009 with the Director and Assistant Director of Property Services and the Training Department where it was requested by the Director of Property Services that a review of staff was undertaken to ensure that all staff had received Asbestos Awareness training. It has not been established whether this training is to be extended to office based Property Services staff, area housing office staff and service managers. (Recommendation 14.4 refers).
- 13.11 There is an asbestos database in use, which was devised by Nottingham City Council and the NCH Asbestos Team. This includes all domestic properties, and communal areas. Nottingham City Council downloads the results of surveys carried out by Savills directly onto the database. Any changes to the database identified through additional surveys or where ACMs have been removed are manually input onto the database by the Assistant Asbestos Officer.
- 13.12 The Asbestos database is available for viewing by the Company's repairs and maintenance partners via the Internet. They are required to access details of properties prior to performing any works. The presence of ACMs is identified on all works orders issued to Property Services. This is not specific to areas within the property but simply states whether asbestos is present, not present (where an actual survey has been undertaken) or probable (where a survey has not taken place).
- 13.13 Asbestos is not specifically referred to in the Company's insurance policy. Discussions with the Asset data Manager identified that this has been referred to NCC Insurance & Risk Management Service. NCH is currently insured for the activities that it is expected to carry out as a housing management & repairs organisation and is permitted to carry out by law. All other operations are assigned to licensed contractors.

14.	Recommendations:	Priority
14.1	<p>The Asbestos Policy be amended to include: -</p> <ul style="list-style-type: none"> • Delegation levels of operational responsibility for asbestos management, e.g. to an individual supported by the Health + Safety Team. • Identification of the "duty holder" under the Control of Asbestos at Work Regulations 2006. • The use of specialist external consultants and licensed contractors. • Communication to tenants with regard to ACMs found within their home. 	2
14.2	<p>Reports be produced to Management Team and Board relating to asbestos, both its impact, potential costs and progress relating to the surveys completed.</p>	3



14.3	The possibility of asbestos being found in Company's properties be included in the risk register.	3
14.4	Consideration be given to providing Asbestos Awareness training to Property Services office based staff and service managers and area housing staff.	3
