

# All-Wales Summary Report

## Estates Assurance – Control of Contractors

October 2021

NWSSP Audit and Assurance Services



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CYMRU  
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WALES

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## Contents

1. Introduction	3
2. Summary of Consistent Messages	4
3. Good Practice Examples	8

### Appendix A      Audit Assurance Ratings



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors

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## 1. Introduction

In 2019/20 and 2020/21, we completed reviews of the arrangements in place for the management and control of contractors at the following NHS Wales organisations:

- Aneurin Bevan University Health Board
- Betsi Cadwaladr University Health Board
- Cardiff and Vale University Health Board
- Cwm Taf University Health Board
- Hywel Dda University Health Board
- Powys Teaching Health Board
- Swansea Bay University Health Board.

\* One of the above reviews was advisory in nature, focussing on arrangements in place at the major programme/project being delivered by the UHB, and is therefore not included within the conclusions of this review.

NHS bodies and their appointed contractors have responsibilities under health and safety legislation, to ensure appropriate precautions are taken to reduce the risks of danger to patients, employees, visitors and the contractors themselves. Applicable legislation includes the Health and Safety at Work etc. Act 1974, Management of Health and Safety at Work Regulations 1999, Control of Substances Hazardous to Health Regulations 2002 and the Control of Asbestos Regulations 2012, amongst others.

The Health & Safety Executive (HSE) has produced a range of guidance on the safe management of contractors, including “Managing Contractors” (HSG 159), and the “Using Contractors – a Brief Guide.” The audits assessed compliance with the requirements of this guidance.

Note that the assessment of compliance with the Construction (Design and Management) Regulations 2015 was outside the scope of the current reviews.

The areas considered within the reviews were:

### **Governance**

That appropriate policy and procedural documents were in place to manage contractors, in line with Health & Safety Executive (HSE) requirements.

### **Appointment of Contractors**

That potential contractors were appropriately checked to establish compliance with HSE requirements and the organisations’ required standards for health and safety, including confirmation that contractors had sufficient skills/competencies/insurances to undertake the work safely.

## Management of work on site

That appropriate arrangements were in place to manage contractors working on the organisations’ premises, including risk assessments, site access controls, induction arrangements, operation of Permits to Work, and monitoring of contractors on site to ensure compliance.

## Monitoring & Reporting





That there was ongoing monitoring and review of contractors / contractor-related incidents, in order to maintain the required standards of health and safety and to improve existing processes.

## 2. Summary of Consistent Messages

### 2.1 Overall position

In line with our agreed audit approach, each objective area was assessed in relation to the adequacy and effectiveness of the system of internal control under review. An overall assurance rating, along with individual assurance ratings for each objective area, were determined (see **Appendix A** for a description of the assurance ratings applied).

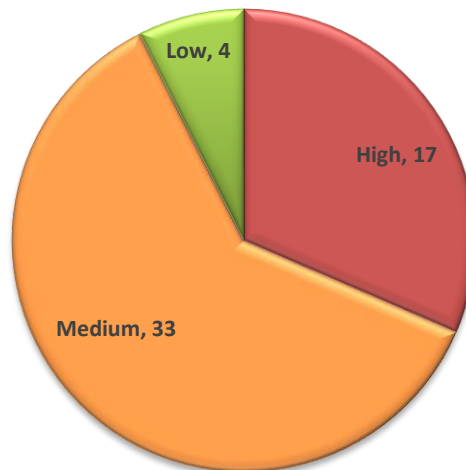
These anonymised ratings are provided below to illustrate the strengths and potential for improvement in the organisations’ control of contractors arrangements; with an overall limited assurance determined in five of the six audits undertaken.

	Number of organisations receiving each assurance rating			
				
<b>2.1 Overall assurance rating</b>	-	5	1	-
2.2 Governance	-	2	3	1
2.3 Appointment of Contractors	-	4	2	-
2.4 Management of work on site	-	5	1	-
2.5 Monitoring & Reporting	-	4	2	-

*Note: The advisory review did not provide assurance ratings.*

A total of 54 audit recommendations were raised, these are summarised by priority below:

### Total Recommendations



*Note: No recommendations were raised at the advisory review.*

Governance arrangements across the organisations were generally well defined with procedural guidance (reflecting HSE requirements) in place for the control of contractors. Formal policies did, however, require development in a number of organisations.

Whilst recognising the procedural guidance, compliance issues were generally noted in the application of the defined/mandated control procedures, particularly in respect of the management of work on site, in the application of contractor’s site inductions and site signing in processes. Improvements were also required at several the organisations examined in the contractor appointment checks and in the monitoring and reporting of compliance.

At the request of management within one of the organisations examined, where a limited assurance report was issued, a follow up review was undertaken within three months of the initial review. This work confirmed that the majority of agreed recommendations had either been implemented or were in progress.

## 2.2 Governance

Most organisations had developed appropriate procedural guidance for the control of contractors, in line with HSE expectations – although there was no procedural guidance in place at one organisation.

Only three organisations had implemented an overarching policy, and only one was appropriately communicated via its online publication

## 2.3 Appointment of Contractors

To ensure appropriate safe working practices are applied whilst contractors are working on site, organisations should operate robust controls when selecting and appointing contractors. Checks should include competencies, industry accreditations, prior experience, and validation of appropriate insurance cover to ensure sufficient indemnity is provided in the event of an incident occurring.

A number of organisations demonstrated robust controls in this area through the operation of local frameworks / measured term contracts, particularly for capital works. The contractors 'called-off' from such frameworks for individual jobs had generally been subject to appropriate checks upon their initial appointment.

However, where contractors were appointed on an individual job basis, typically for service/ maintenance work, there was insufficient evidence in most organisation to demonstrate that the key checks had been undertaken.

In some cases, prior experience with a contractor was relied upon. It was noted that in the majority of these instances, there was no appropriate audit trail to support previous checks having been made, or to ensure that insurances / accreditations remained up to date.

Some organisations had established electronic systems to facilitate the monitoring of contractors, including the central retention of supporting documentation. However, it was observed that these systems held out of date information thus reducing the potential benefits.

We consistently identified the following areas for improvement:

- Improved pre-selection checks for contractors, particularly those not appointed from frameworks / measured term contracts; and
- Improved updating of the electronic systems where relied upon for the appointment of contractors.

## 2.4 Management of work on site

Where in place (*refer to section 2.2*), the organisations' procedural guidance) clearly established the controls required before permitting contractors to commence work on site. These typically included the completion of the contractors' Risk Assessments/Method Statements, completion of an induction process and, in some cases, completion (with the works supervisor) of a pre commencement checklist.

Inductions were typically delivered in one of two ways:

1. Centralised, periodic 'classroom' based sessions, or
2. 'On the job' discussions with the works supervisor at the start of the job.

Both methods were capable of delivering the required information, however in most cases, organisations did not maintain adequate records, or make adequate checks, to ensure the inductions had been attended prior to allowing works to commence.

Risk Assessments/Method Statements were in place for the majority of jobs reviewed during the audits. However, in one organisation, there was no evidence these had been reviewed for adequacy by the appropriate works supervisors.

Most organisations operated a signing in/out system, however, in most cases compliance with the same was limited.

Where checklists were required to capture compliance with the above controls, these were not consistently applied across all contractor groups or by all works supervisors. In more than one organisation, other means of record keeping also required improvement (e.g. retention of Risk Assessments), to provide a retrospective audit trail in the event a job requires investigation post completion.

In most organisations, application of the required controls at community sites (i.e. without the presence of an Estates office), was further reduced.

We consistently identified the following areas for improvement:

- Improved controls in ensuring inductions have been attended prior to works commencing;
- Application of mandatory checklists in a consistent manner;
- Ensuring contractors comply with the established signing in/out systems;
- Retention of key paperwork such as Risk Assessments/Method Statements; and
- Improved application of required controls at community sites.

## **2.5 Monitoring & Reporting**

It was noted that the number of contractor-related incidents in most of the organisations reviewed had been minimal in the years preceding the reviews; (with only one significant incident having occurred.). Most organisations had robust processes for ensuring contractor-related incidents were appropriately investigated, with lessons learnt clearly identified.

Whilst most organisations had also defined processes to monitor compliance with the agreed procedures, in some cases these were not being undertaken with sufficient regularity or with sufficient scope.

We consistently identified the following area for improvement:

- Improved application of in-house compliance audit processes to enable robust reporting of compliance to management, and to enable actions to be taken where compliance was deemed insufficient.

### 3. Good Practice Examples

This section provides some examples of good practice based upon our work across the organisations. Please note that this is not an exhaustive list of good practice across the five organisations.

- The use of local frameworks / measured term contracts, ensuring the robust application of selection and appointment checks at the outset, reducing the need for checks when calling off individual jobs.
- The use of such longer-term contractual arrangements improved collaborative working relationships between the organisations and the contractors, and provided an incentive for improved compliance with the organisation's procedures.
- The use of electronic systems, both for central document retention (for ease of reference when undertaking contractor checks) and for 'live' processes (such as signing in/out).
- Establishment of a dedicated Contracts Management team within the Estates department providing central contract management functions.

## Appendix A: Audit Assurance Ratings



### **Substantial assurance**

The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.



### **Reasonable assurance**

The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.



### **Limited assurance**

The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.



### **No assurance**

The Board can take **no assurance** that arrangements in place to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved.



### **Assurance not applicable**

Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are **not appropriate** but which are relevant to the evidence base upon which the overall opinion is formed.

**Office details:**

Audit and Assurance Services – Specialist Services Unit  
Floor 3  
Companies House  
Crown Way  
Cardiff  
CF14 3UB



**Contact details:**

Simon Cookson, Director of Audit & Assurance – [simon.cookson@wales.nhs.uk](mailto:simon.cookson@wales.nhs.uk)  
Huw Richards, Deputy Director of Specialist Services – [huw.richards@wales.nhs.uk](mailto:huw.richards@wales.nhs.uk)