CITY OF GLASGOW COLLEGE

Board of Management

Audit Committee

Date of Meeting	**Wednesday 14 November 2018**
Paper No.	**AC2-F**
Agenda Item	**9.2**
Subject of Paper	**Internal Audit Report –** **Infrastructure Contract Management/Help Desk**
FOISA Status	**Disclosable**
Primary Contact	**David Archibald, Henderson Loggie**
Date of production	**August 2018**
Action	**For Discussion**

1. Recommendations

As agreed at the Audit Committee meeting held on 12 September, this report is resubmitted and will be taken by exception.

CITY OF GLASGOW COLLEGE

Board of Management
Audit Committee

Date of Meeting	**Wednesday 12 September 2018**
Paper No.	**AC1-G**
Agenda Item	**9.2**
Subject of Paper	**Internal Audit Report – Infrastructure Contract Management/Help Desk**
FOISA Status	**Disclosable**
Primary Contact	**Henderson Loggie**
Date of production	**August 2018**
Action	**For Discussion and Decision**

Recommendations

The Committee is asked to consider and discuss the report and the management responses to the internal audit recommendations.

1. Purpose of report

The purpose of this review is to provide management and the Audit Committee with assurance on key controls relating to the curriculum and financial plans in place for City of Glasgow College and their alignment with the regional plan for Glasgow and the college student number targets.

2. Context and Discussion

This internal audit of Infrastructure Contract Management/Help Desk provides an outline of the objectives, scope, findings and graded recommendations as appropriate, together with management responses. This constitutes an action plan for improvement.

The Report includes a number of audit findings which are assessed and graded to denote the overall level of assurance that can be taken from the Report. The gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

3. Impact and implications

Refer to internal audit report.

HENDERSON LOGGIE
Chartered Accountants

City of Glasgow College

Infrastructure Contract Management / Help Desk

Internal Audit Report No: 2018/06

Draft Issued: 2 July 2018

Final Issued: 28 August 2018

LEVEL OF ASSURANCE	Good

Content

Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

Gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires Improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Action Grades

Priority 1	Issue subjecting the College to material risk and which requires to be brought to the attention of the Audit Committee.
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

1. Overall Level of Assurance

Good	System meets control objectives.

2. Risk Assessment

This review focused on the controls in place to mitigate the following risks on the City of Glasgow College ('the College') Risk Register:

- Failure to achieve improved performance (net risk score: 10); and
- Negative impact of statutory compliance failure (net risk score: 10).

3. Background

As part of the Internal Audit programme at the College for 2017/18, we carried out a review of the College's internal helpdesk facility, which is utilised to log estates and ICT related issues and requests, and the processes surrounding low and medium value Estates change requests and malicious damage repairs. The Audit Needs Assessment, completed in March 2017, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Board of Management and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The College's new campuses were funded through a Non-Profit Distributing (NPD) arrangement, whereby a private consortium, GLQ, designed, built and will maintain the campuses over a 25-year period. The College will make unitary charge payments to the consortium over this period. Under the contract, GLQ is responsible for Hard Facilities Management (FM) services such as building and fabric maintenance (both planned and reactive). Responsibility for Soft FM, such as cleaning and grounds maintenance, is divided between the College and GLQ.

The College uses software to log ICT and Estates related issues and requests which was developed in-house. Staff can log these jobs directly onto the software via Enquirer, or staff and students can phone helpdesk staff who will record the job on the software. Jobs received are then assign to College staff, such as ICT technicians, or to external contractors. Once jobs are completed the jobs are marked as complete by the College staff who allocated the work on the helpdesk. For external contractors they advise the helpdesk staff when the jobs are complete, and helpdesk staff then confirm with relevant College staff that the job has been adequately completed before marking as complete on the helpdesk software.

Under the College's contract with GLQ, the College can make deductions for ICT or Estates jobs that have not been completed within the required response and rectification times (subject to contractual conditions and exclusions). A spreadsheet called Paymech is provided by GLQ and this highlights these deductions and is subject to review by Estates staff before action to invoke the deductions process is approved.

4. Scope, Objectives and Overall Findings

This audit reviewed the College arrangements in place to monitor the performance of GLQ against the terms of the contract, excluding planned maintenance which was reviewed separately as part of the internal audit programme for 2016/17 (internal audit report 2017/09 – Planned Maintenance, finalised 30 August 2017).

The table below notes each separate objective for this review and records the results:

Objective		Findings		
The objective of this audit was to obtain reasonable assurance that:	**Assurance**	**1**	**2**	**3**
		No. of Agreed Actions		
1. Reported repairs are registered, classified and allocated to relevant contractors in a timely manner	**Good**	0	0	0
2. Reported repairs are controlled, monitored and completed on a timely basis	**Good**	0	0	2
3. 'Customer' feedback is sought where appropriate on the quality of the repair work	**Good**	0	0	0
4. Trend analysis and reporting is carried out on the performance of the Help Desk	**Satisfactory**	0	0	1
Overall Level of Assurance	**Good**	0	0	3
		System meets control objectives.		

5. Audit Approach

We reviewed the terms of the contract with GLQ to identify specific responsibilities around reactive Estates and ICT work. Through discussion with the Vice Principal Infrastructure, the Head of Estates, and the Head of Facilities, and review of documentation, we established the systems and controls which had been put in place to ensure that these responsibilities were being met. Within this report we have reported on any areas where expected controls were found to be absent or where controls could be further strengthened. Compliance testing was then carried out, where necessary, to ensure that the controls in place were operating effectively.

6. Summary of Main Findings

Strengths

- The College has a helpdesk system which provides a robust basis for reporting, classifying and allocating reactive Estates and ICT repairs to College staff or GLQ in a timely manner;
- A range of staff have access to the helpdesk to enable jobs to be assigned by managers with the relevant knowledge of the correct person to allocate jobs to;
- There is a process for following up all repairs undertaken by GLQ to ensure these have been adequately completed. Staff members who have raised a reactive repair are informed when this has been closed so that they can review the work to ensure that it has been completed in line with the request and consider whether the standard of the work is adequate;
- There are procedures in place covering reactive maintenance (including the helpdesk system and malicious damage); low, medium and high value changes; and the review of the Paymech spreadsheet (which includes reviewing any outstanding reactive jobs and accuracy checks on the Paymech spreadsheet);
- Based on testing conducted on malicious damage, and low and medium value change requests, we found that adequate supporting documentation was in place; and
- There is high level reporting on the operation of the helpdesk to the Finance and Physical Resources Committee.

Weaknesses

- Not all jobs on the helpdesk were closed off on a timely basis and we have recommended that reports are run to identify long outstanding items and check whether these have jobs been completed or still require work to be done;
- Although we found there was an extensive checking of the Paymech spreadsheets we noted areas where this checking could be further enhanced; including the type of checks carried out and the coverage of the checks, where it can be demonstrated that the benefits outweigh the cost of the relevant resource requirement; and
- There is an opportunity to carry out improved trend analysis undertaken on reactive ICT and estates jobs and to put in place formal action plans to address any significant negative trends identified.

7. Acknowledgements

We would like to thank the College staff for the co-operation and assistance we received during the course of our review.

8.   Findings and Action Plan

Objective 1: Reported repairs are registered, classified and allocated to relevant contractors in a timely manner

From our review of procedures, observation of how the helpdesk software works, and discussion with staff we found that the helpdesk software in use was robust, and that there was appropriate supporting staff resource to enable it to function properly.

We tested 30 Estates and 30 ICT helpdesk jobs (including helpdesk jobs assigned to College staff and GLQ). From this testing we noted that:
- all repairs had been appropriately registered by staff, although it was noted that sometimes GLQ operatives identified an issue and raised this on the GLQ helpdesk for actioning. The College are able to track the progress of these jobs via the GLQ helpdesk and are reported at the month end via the monthly report;
- There were no concerns raised with Estates job classifications (major, medium, minor). If staff logging a reactive job had picked the wrong category at the outset, then Estates staff did have the facility to change this category when the job was allocated. GLQ also have the facility to change this classification but any changes made by GLQ to a classification are subject to review by Estates staff as an integral part of the analysis of the Paymech spreadsheet. Our testing highlighted that the ICT classifications (Priority 1, 2, 3 and 4) were routinely incorrect but most of these jobs were completed by College staff, and those which were undertaken by GLQ were all checked to ensure they were correctly classified. Therefore, given the current arrangements in place there is little benefit in implementing an additional layer of control to ensure that the ICT classification are correct and therefore no recommendation has been raised regarding this issue; and
- A range of managers have access to the helpdesk jobs logged and they review the jobs in the categories relevant to their area and allocate jobs to staff who within their area or assign the jobs to GLQ. In addition, some College staff, such as ICT technicians, can review helpdesk jobs and assign jobs to themselves.

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Objective 2: Reported repairs are controlled, monitored and completed on a timely basis

Controlling and Monitoring
All Estates jobs that are transferred to GLQ are processed via the College's helpdesk through an interface with GLQ's works system. The details of the work undertaken is recorded on the GLQ works system. When the job is closed as complete on the GLQ works system an email is automatically generated to the College helpdesk team advising them of this. College staff then check that the works undertaken are adequate and completed to an appropriate standard. Each month a list of 'live' jobs is provided by GLQ to the College on the Paymech spreadsheet. Any long outstanding jobs are identified from this spreadsheet and discussed at meetings between Estates staff and GLQ staff.

Outstanding ICT jobs, which are assigned to College ICT staff, are reviewed by ICT managers on an ongoing basis. For ICT jobs allocated to GLQ an email is received each week with a progress update which is subject to review by College ICT managers. There are also more detailed monthly GLQ reports and a quarterly service review meeting between the College and GLQ which allows discussion on performance related to external ICT jobs. The Digital Services Manager confirmed that he reviews these reports to ensure that these contain all ICT jobs assigned to GLQ and checks that appropriate 'service credits' are awarded in line with the contract, where necessary.

Objective 2: Reported repairs are controlled, monitored and completed on a timely basis (Continued)

Paymech
The Paymech spreadsheet contains information from the GLQ works system regarding Estates jobs allocated to GLQ via the College helpdesk, and also works orders directly raised by GLQ operatives. The key information included in the Paymech spreadsheet are: the date the job was transferred to GLQ's system; the date and time the job was initially responded to; the date and time the job was completed; the category of the job (major, medium, minor); and the number of days the job took to complete. The performance deductions are calculated on the Paymech spreadsheet using this information. The Paymech spreadsheets are compiled by GLQ and are provided to the College for checking. There is a Paymech Mechanism Review Procedure that describes the checks Estates staff are required to undertake, and any items of disagreement are discussed at meetings between College staff and GLQ. The decisions agreed are documented on the Paymech spreadsheet.

We considered the risks relating to the correct calculation of deductions and these are set out below with details of the key controls we found to be in place:
- **Risk**: Paymech does not contain the full list of jobs allocated to GLQ. **Controls**: We note that currently there is not a check over this. College staff have noted issues with some Paymech spreadsheets not containing all jobs. The College have been advised by GLQ that their systems have changed and that these issues should not recur. The Building Contract Compliance Manager advised that they were developing a report which would compare the jobs raised on the College helpdesk system to the jobs on the Paymech spreadsheet. As work is being done on this no recommendation has been raised;
- **Risk**: Incorrect dates and times (when the job is reported to GLQ, and response and rectification information) and incorrect classification of repairs. This information is included in the GLQ reactive maintenance system and there is a risk that this is incorrectly extracted into the Paymech spreadsheet. **Controls**: Currently staff undertake a review of a percentage of items on the Paymech spreadsheet back to the GLQ system to check the information is correct. We found that there was a high percentage of checks (between 49% and 88% of jobs) undertaken for the months of August 2017 to December 2017 (the last Paymech reports that had been finalised at the time of audit fieldwork in May 2018);
- **Risk**: Penalties required to be applied are not applied either due to these not being identified, or GLQ not originally agreeing a penalty then after discussion with the College agreeing to apply a penalty but not actually applying this in the final Paymech spreadsheet. **Controls**: Estates undertake checks to ensure the final Paymech spreadsheet includes penalties that have been agreed are on the previous working drafts of the Paymech spreadsheet. Our detailed testing (noted above) considered whether the penalties were correctly identified and from testing 30 reactive repairs one repair was noted where there should have had a penalty, but one had not been applied. This was not picked up because it was not in the sample selected for testing by the College.
- **Risk:** Incorrect penalty rates used. **Controls**: There are set penalty rates for different repair classifications of £25 (minor), £100 (medium), and £200 (major). Each year these are uprated by GLQ in line with the contract. We checked that the rates for 2017/18 and 2018/19 had been correctly uprated in line with the contract requirements and noted no issues.
- **Risk**: Incorrect calculation and collation of penalties. **Controls**: We noted that the College do not recalculate the penalties or check that the total of the penalties agrees to the credit note received. Therefore, to provide additional assurance we undertook this check on the Paymech spreadsheets from August 2017 to December 2017 and noted no issues.

Objective 2: Reported repairs are controlled, monitored and completed on a timely basis (Continued)

Observation	Risk	Recommendation	Management Response
Paymech Checks We noted that there is significant manual resource involved in checking the Paymech spreadsheets. We consider that there would be benefit in utilising existing spreadsheet functionality to undertake full checks on some items within the Paymech spreadsheet. Checks that could be undertaken using inbuilt spreadsheet functionality include: • checking whether the response and rectification periods were within the contractual requirements (pass or fail) based on dates and times in the Paymech spreadsheet; • checking whether the classification (minor, medium, major) on reactive repairs provided by the College had been changed by GLQ; • Checking that the correct penalty had been applied, including calculation of the number of days; • Recalculation and addition of the penalties to ensure they were correctly calculated and collated; • Checking that the final Paymech spreadsheet agreed to the initial (checked) Paymech spreadsheet and incorporates any agreed changes. Obtaining information directly from the GLQ system would also make checking more efficient.	Repairs where penalties should be applied are not identified and applied, or penalties are incorrectly calculated.	**R1** Review the checks that are currently undertaken on Paymech with a view to improving the checking process and providing enhanced reporting and efficiency through the use of standard spreadsheet functionality.	This is a helpful recommendation that we accept. We have over the past 2 years continuously improved how we do this. We are however willing to look again at adding various automation tools to the process. **To be actioned by:** Head of Estates **No later than:** 31 December 2018 **Grade** 3

Objective 2: Reported repairs are controlled, monitored and completed on a timely basis (Continued)

Observation	Risk	Recommendation	Management Response	
Uprating of penalties Although we identified no issues with the calculation of the uprated penalty rates we noted that there is currently no specific requirement in the Paymech Review Procedure which requires College staff to check that GLQ has correctly amended the penalty rates for RPI changes, and that these changes have been applied on a timely basis once the annual RPI figures for February are published. (The uprating per the contract is based on February RPI figures.)	Incorrect penalty rates may be applied.	**R2** The Paymech Review Procedure should be amended to include a specific requirement for Estates staff to check that the penalty rates are uprated on a timely basis, to reflect RPI rate changes, and are correctly calculated.	This recommendation is sensible and accepted. The RPI for the contractual year was audited and found correct. **To be actioned by:** Head of Estates **No later than:** 30 April 2019 (to coincide with annual review date of RPI).	
			Grade	3

Objective 2: Reported repairs are controlled, monitored and completed on a timely basis (Continued)

Malicious Damage Repairs
The contract with GLQ stipulates that where a reactive repair is considered to be caused maliciously then the College will pay for rectification of the damage in addition to the unitary charge (which covers all other reactive jobs). There is a process in place for GLQ to provide evidence to the College Estates team of malicious damage. Once agreed that the damage has been caused maliciously then there is communication between the Estates team and GLQ to approve rectification works. We tested a sample of 10 malicious damage jobs and noted that appropriate communications and documentation were in place for all of the jobs tested.

Building Changes
The contract with GLQ sets out four types of building changes:
- Derogated low value changes: the contract sets out a range of minor changes that can be carried out by the College Estates staff;
- Low value changes: these are changes that are listed in the Small Works Catalogue or have a cost of less than £5,000;
- Medium value changes: these are changes between £5,000 and £100,000; and
- High value changes: these are changes over £100,000.

There is a formal College procedure in place covering these building change categories and it sets out required documentation for all types of change.

We selected a sample of 10 low value changes and one medium value change for testing. High value changes were not tested because there had been no changes of this type in the period under review. We noted that where changes were instigated by Faculties and support departments (excluding Estates) that a form had been introduced in 2018 to obtain formal authorisation from the Head of Faculty or head of the support department and that there was a summary spreadsheet recording justification for all changes. We found that for the sample reviewed there was appropriate justification for the works undertaken and appropriate documentation held on file.

Objective 3: 'Customer' feedback is sought where appropriate on the quality of the repair work

Estates
Helpdesk staff are informed by email of all reactive repairs completed by GLQ. These are then reviewed by Estates staff to ensure that the work has been completed adequately. If further work is required, this is advised to GLQ and any further works will be checked by Estates staff once GLQ have advised that these further works have been completed. The job is then closed off on the helpdesk and this generates an email to the person that initially raised the reactive job stating that the job has been closed. This could act as a prompt for staff to re-raise the job, if necessary, if they felt that the repair completed was not in line with their expectations.

ICT
For ICT works transferred to GLQ for completion we were advised that College IT staff check the work undertaken by GLQ and if any issues arise then these are discussed directly with GLQ. For works undertaken internally if a job was not completed properly then the initiator could re-raise the job and could lodge a complaint with IT management. In addition, supervisors may identify instances where there has been rework and we were advised that, where necessary, they would follow this up with IT staff in one to one meetings to identify any improvements needed to reduce the chances of rework occurring in future.

Objective 4: Trend analysis and reporting is carried out on the performance of the Help Desk

Estates
A range of information is provided in the Facilities Management report that is provided to the Finance and Physical Resources Committee. We reviewed the report for May 2018 and noted that this included information on:
- The number of live jobs on the helpdesk;
- The number of jobs logged on the helpdesk; and
- Numbers of low and medium value changes and malicious damage claims.

ICT
The Head of Digital Services maintains a spreadsheet with data on performance of internal and external ICT reactive requests. An ICT progress report is provided to the Finance and Physical Resources Committee and we reviewed the report that went to the May 2018 committee and noted this included information on:
- The number of ICT jobs placed with GLQ, splitting this into those completed and outstanding;
- The number of ICT jobs logged with GLQ by month over the last two years;
- The number of internal ICT jobs logged on the helpdesk by month over the last three years;
- The number of jobs logged on the helpdesk by month since August 2017, splitting this into a) Estates internal jobs b) Estates external jobs c) ICT internal jobs d) ICT external jobs; and
- ICT jobs by classification.

There was some high level trend analysis also included in the report.

Objective 4: Trend analysis and reporting is carried out on the performance of the Help Desk (Continued)			
Observation	**Risk**	**Recommendation**	**Management Response**
Trend analysis Trend analysis can be useful in identifying underlying areas of concern which allow proactive preventative solutions to be put in place to reduce the number of reactive job requests being raised. We noted that although some trend analysis information is being produced and reported to the Finance and Physical Resources Committee that there is the scope for building on this existing work to develop more detailed trend analysis and to create an action plan to address any significant negative trends identified.	Preventative action is not undertaken on a timely basis leading to a greater number of reactive jobs being raised.	**R3** An exercise should be conducted to evaluate the type of trend analysis that would be useful for monitoring Estates and ICT reactive requests. This exercise should include evaluation of current formal reporting and the way that key messages arising from trend analysis are translated into action points to deal with the underlying issues. Results of this evaluation should be reported upwards to senior management for their oversight. Given that the contract with GLQ has only been in place for a relatively short period of time the College should seek to develop trend analysis over time.	We accept this recommendation and we will look to add the trend analysis on the College Performance Dashboard. **To be actioned by:** Head of Technical Support **No later than:** 31 December 2018
			Grade 3