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|  <b>SAINT HELENA<br/>AUDIT SERVICE</b> | <b>Review of the Public<br/>Works and Services<br/>Department<br/>Recommendations</b> |                 |
| <b>FINAL</b>  | <b>V25</b>  | <b>May 2011</b> |

The Audit Service would like to acknowledge the assistance given by all SHG staff involved.

## 1. Introduction

1.1 The Saint Helena Audit Service (SHAS) undertook a review of the implementation of recommendations made to Public Works and Services Department (PWSD) since 2006. The purpose of the review was to see what improvements have been made as a result of recommendations and what obstacles to such actions have been encountered.

## 2. Background

2.1 The scope of our review was to:

- document the recommendations made to PWSD by the Saint Helena Audit Service and Saint Helena Government Internal Audit Office'
- ascertain what actions have been taken in respect of those recommendations;
- make suggestions where applicable regarding the way forward for those recommendations that remain.

2.2 Our assessment is based upon:

- identification of relevant recommendations for which PWSD are responsible, since 2006;
- interviews with the Manager/ Head of Department, Senior Manager, Executive Officer (Unallocated Stores), Senior Storeman, Senior Executive Officer (Administration, PWSD) and Senior Customer Services Officer;
- evidence obtained to support the implementation and planned actions for the recommendations.

## 3. Findings

3.1 Since 1 April 2006 to 31 January 2011 there have been five Value for Money audit reports issued on areas and sections within the Public Works and Services Department as follows:

- V32 St Helena Government Home to Duty and Public transport review, October 2007
- V21 Central Utility Billing review, January 2008
- V32 Fast Track Transport, November 2008
- V03 Electricity, May 2009
- V08 Performance Indicators in PWSD, March 2010

3.2 We have extracted all recommendations from these reports for the benefit of this review. A total of eighteen recommendations were made in these five reports.

3.3 More recently, in February 2011 a further two VFM audit review reports were published on the Energy Division within the Public Works and Services Department. However they were not considered during this review as they will be followed up as part of the Audit Committee reporting tracker in June 2011.

3.4 Since 2006, two Internal Audit Reports have been issued on sections within the PWSD. These reports were Unallocated Stores and and Building Maintenance in February 2008. A total of fifteen recommendations were made in these five reports.

- 3.5 In total all thirty-three recommendations made were assessed. Discussions were held with officers involved with the implementation of recommendations to ensure that new controls are in place and that the recommendations were acted upon.
- 3.6 Each of the recommendations were considered and evidence was obtained to ascertain whether they had been implemented or not. A detailed table stating each recommendation and implementation action can be found in Appendix A at the end of this report.
- 3.7 Three recommendations were no longer relevant. These occurred where:
- a particular function or system is no longer in operation e.g. Central Billing no longer estimates utility bills as meters are read on a quarterly basis; or
  - other actions carried out therefore making the recommendation no longer relevant e.g. Health and Safety measures are in place based on the industry requirements for each division, rather than making a general policy for the department.
- 3.8 This means that we have assessed the implementation of thirty SHAS and Internal Audit recommendations.
- 3.9 We identified 8 recommendations where the department has partially addressed the recommendation and one where no action has been carried out. The Appendix A highlights these recommendations.
- 3.10 Two recommendations covering the cost of repairing a vehicle and assessing if mileage was reasonable have not been implemented. The recommendations are being addressed as part of the audit of Vehicle Management and will be reported on in due course.
- 3.11 Further work is required by the department with regards to stock control, valuation and recording of unallocated stores. This was highlighted in a recent SHAS audit report on Contracts For Works and Services Energy Division, and as part of a review of the year-end stock-taking process.
- 3.12 The recommendation relating to a plan for the assessment of buildings and planned maintenance work was restated in the recent SHAS report on the Use of Empty Buildings. This is now being considered and the assessment of buildings is estimated to take one year to conclude. SHG will then be able to develop a planned maintenance programme and strategy to address maintenance.
- #### 4. Conclusion
- 4.1 PWSD received thirty-three recommendations in the period under review. Three recommendations are no longer relevant based on a change in function or system or because other actions have been taken to address the issue. Eight recommendations have been partially implemented and one, regarding building maintenance is still outstanding.
- 4.2 This means that the department has implemented twenty-one relevant recommendations made to them.

The current situation with regards to each recommendation is detailed in Appendix A. Recommendations requiring further work are shaded in.

## Appendix A

| No.  | RATING | RECOMMENDATION  | IMPLEMENTED YES/NO   |
|--|--------|---|--|
| <b>V21 Public Works and Services Central Utility Billing Review – January 2008</b> |        |   |  |
| 1.   | MEDIUM | <p>At least two customer services officers (one being the senior customer services officer) should undertake the administrator role of the CUBIC system. They would then have the authority to amend features of the CUBIC system; i.e. change estimation formula.</p> <p>This would reduce the amount of external assistance currently required to operate CUBIC.</p> <p>(For Audit Finding on which this is based, refer to Main Report, Section 3.8)</p>   | <p><b>Yes.</b> The Senior Customer Services Officer and one other Customer Services Officer now undertake the administrator role of the CUBIC system. This allows them to amend rates and other variable information in the system other than data relating to consumer usage.</p> |
| 2.   | MEDIUM | <p>The CUBIC administrator (if the above recommendation is accepted) and Frey (through the IT Section) should research and utilise CUBIC operating functions that were originally requested by PWSD.</p> <p>Doing so could possibly remove the need to produce reports from both CUBIC and Operations CUBIC. This would decrease the amount of money spent on both Frey and the ex-project manager providing support.</p> <p>(For Audit Findings on which this is based, refer to Main Report, Section 3.9)</p> | <p><b>No longer relevant.</b> Only the CUBIC system is in operation. Reports originally produced by Operations CUBIC are now produced by the CUBIC system.</p>   |
| 3.   | HIGH   | <p>PWSD management and Billing staff should review the current estimation calculation and possibly reset it.</p>  | <p><b>No longer relevant.</b> The section no longer uses estimations to calculate bills. Consumer Meters are read every quarter and invoiced accordingly.</p>  |

| No. | RATING | RECOMMENDATION   | IMPLEMENTED YES/NO   |
|-----|--------|--|--|
| 4.  | MEDIUM | PWSD management should review the current target of recovering 100% of outstanding balances to ensure targets are realistic.   | <b>Yes</b> - Monthly reports are produced for management including report on outstanding bills and target of 100% has been reviewed.   |
| 5.  | LOW    | PWSD should consider keeping a standard customer complaints log. This could be used for all services provided by PWSD. Management should then review the number and types of complaints made and, where applicable, improve upon the service provided.   | <b>Partial Customer</b> complaint logs are held individually by the Central Utility Billing Section and the Energy Division. All other complaints are logged in the main office to the Works Coordinator.<br>Work needs to be done on reviewing the complaints made and carrying out action by management. |
| 6.  | HIGH   | <p>Routine reports should be made and submitted to management for review. Performance measures and targets should be made to give an overview of how the billing section is performing. Performance measures also provide motives for the respective sections to operate well, with realistic goals to achieve.</p> <p>Examples are:</p> <p>Quarterly utility bills to be issued by target date;</p> <p>Target level of debtors each quarter; and</p> <p>Number of complaints received by customers.</p> <p>(For Audit Findings on which this is based, refer to Main Report, Section 3.24 &amp; 3.25)</p> | <p><b>Yes.</b> Monthly reports are produced for management including report on outstanding bills.</p> <p>The Manager/ Head of Department is the line manager for the Senior Customer Services Officer and has set targets for her for FY 2010/11 along similar lines to the examples given.</p>            |

| No.                               | RATING | RECOMMENDATION   | IMPLEMENTED YES/NO  |
|-----------------------------------|--------|--|---|
| <b>V03 Electricity – May 2009</b> |        |  |   |
| 7.                                | HIGH   | We recommend that the Head of Energy agree regular performance reporting arrangements with the Head of the Public Works and Services Department.   | <b>Yes.</b> Once a month the Head of Energy and other Heads of Sections submit to the Manager/ Head of Department a report detailing the work undertaken in their divisions over the past month. This also includes reporting against specific performance targets in the strategic plan. |
| 8.                                | MEDIUM | We recommend that a formula be developed to forecast expected monthly billings based on data on electricity generation, so that deviations from expectations can be monitored and remedial action taken. We would be happy to assist in developing such a formula.   | <b>Yes.</b> Calculation is completed on a monthly basis and reported to Manager/ Head of Department through monthly management reports by Head of Energy.   |
| 9.                                | HIGH   | We recommend that line managers manage the performance of their staff, by following the procedures outlined in the Code of Management, or by using any alternative procedures agreed between the Head of Department and the Chief Human Resources Officer.   | <b>Yes.</b> Performance Appraisals were carried out for staff in March 2011.  |
| 10.                               | HIGH   | <p>The Project Memorandum or Project Concept Note (if the amount is lower than the £500,000 threshold) requires quarterly monitoring reports to be submitted to the DEPD Office to assess progress made. However, reporting has been poor and the Project Manager has to be reminded to submit reports.</p> <p>We recommend that quarterly monitoring reports are compiled and submitted to the DEPD Project Officer to assess progress as required in the Project Memorandum or Project Concept Note.</p> | <b>Yes.</b> Reports on on-going projects are sent to the Director of Access and Shipping  |

| No.  | RATING | RECOMMENDATION  | IMPLEMENTED YES/NO  |
|--|--------|---|---|
| <b>V08 Performance Indicators in PWSD – March 2010</b> |        |   |   |
| 11.  | HIGH   | The Department should report against targets set out in its Business plan.  | <b>Yes.</b> Management of each section reports against all targets set out in the Strategic Plan on a monthly basis.  |
| 12.  | HIGH   | SHG's policy on performance management should be implemented by the Public Works and Services Department.   | <b>Yes.</b> Staff appraisals and target setting has 2010/11. Reporting by each section on progress against their targets is performed on a monthly basis.   |
| <b>V32 Fast Track Transport – November 2008</b>        |        |   |   |
| 13.  |        | It is recommended that management information is produced to help management consider whether the costs of long term private vehicle hire exceed the costs of purchasing suitable vehicles.   | <b>Yes.</b> A decision was made to significantly reduce and then eliminate the long-term use of private vehicle hire. This has now been completed by the Transport Manager.   |
| 14.  |        | It is recommended that as part of the Transport Division's mandate to provide an efficient hire service to SHG, the Transport Division should manage the hire and monitor the usage of private sector vehicles for SHG, if they are unable to provide a suitable vehicle from the Transport Pool. | <b>Yes.</b> Under the overall responsibility of the Transport Manager the Transport Division now controls the hiring of private sector vehicles. Hiring of such vehicles will only occur where the manager is certain that the requesting department has fully utilised the SHG vehicles already at their disposal, and where no suitable vehicle can be seconded from another department or from the pool. |



| No.   | RATING | RECOMMENDATION  | IMPLEMENTED YES/NO  |
|---|--------|---|---|
| 15.   |        | It is recommended that for each accident reported to the Transport Division, the cost of repair should be recorded.   | <b>Partial</b> An assessment of repairs for damaged vehicles is carried out and a repair sheet is completed by the Garage Manager detailing the cost of repair. This is then issued to the relevant Directorate responsible for the vehicle at the time of the incident.<br>The cost is recorded, but the cost may still come out of the Transport Divisions costs as in some cases accidents are treated as maintenance. |
| <b>V32 St Helena Government Home to Duty and Public Transport Review – October 2007</b> |        |   |   |
| 16.   | HIGH   | Departments and PWSD sections should be charged for use of SHG vehicles in a way that reflects the marginal cost of using them i.e. charge by mileage plus a flat rate. (For Audit Finding on which this is based, refer to Main Report, Section 3.14)  | <b>Yes.</b> New rates for different types of vehicles were issued, that consists of a flat rate (reflecting the fixed cost element) plus a variable mileage charge (reflecting the variable cost element).  |
| 17.   | HIGH   | Departments and Sections should monitor and control costs of HTD transport in SHG and private vehicle usage. At a minimum, should: Record mileage on HTD runs separately; Assess whether such mileage is reasonable; Calculate the cost of HTD provision; and Record mileage of call out vehicles in the possession of individual staff members. (For Audit Finding on which this is based, refer to Main Report, Section 3.15) | <b>Partial.</b> Departments who still use SHG vehicles for HTD transport (i.e. Police, PHSSD, PWSD) now send in an analysis sheet on mileage to the Transport Division.<br>But there is still a lack of evidence in the recording of costs.   |

| No.   | RATING | RECOMMENDATION  | IMPLEMENTED YES/NO   |
|---|--------|---|--|
| 18.   | HIGH   | Departments should discuss the feasibility of standardising their shift patterns to economise SHG vehicles in providing HTD transport. (For Audit Finding on which this is based, refer to Main Report, Section 3.40)   | <b>Yes.</b> PWSD have contracted out the transport for Energy Division staff working at the Power Station in Rupert's. Other sections have changed working hours to reflect that of other departments that allow staff to use the same private HTD transport available at 4 O'clock. |
| <b>I16 Unallocated Stores – August 2006</b> |        |   |  |
| 19.   | HIGH   | Senior Storekeeper confirmed that the master key to the premises, along with the rest of the store premises keys, are kept in his office.<br><br>Master key should be kept securely by the Manager/HoD in his office with restricted access.  | <b>Yes.</b> The master key for the Store is held in a secure cabinet outside the Manager/ HOD office.  |
| 20.   | HIGH   | No list of authorised personnel to sign official orders is kept.<br><br>A list of all personnel with authority to sign purchase orders is kept in the Unallocated Stores. The list is to be maintained and updated accordingly and copied to relevant sections within the department.                 | <b>Yes.</b> A list of authorised personnel is kept in the Unallocated Stores. All Purchase Order Forms are checked against this document.  |
| 21.   | HIGH   | The Executive Officer advised that no checks are carried out on the costing data she inputs to the system. Inaccurate costing formulae used (major variations and errors in costing). The Senior Executive Officer is to verify and perform checks that costing data input to the system is accurate. | <b>Yes.</b> Checks were carried out by the SEO (PWSD) and signed as proof of check.  |

| No. | RATING | RECOMMENDATION   | IMPLEMENTED YES/NO  |
|-----|--------|--|---|
| 22. | HIGH   | There is currently no Health & Safety policy or safe working guidelines established within PW&SD. Staff vulnerable to injury (lack of safe working guidelines). A Health and Safety policy is drawn up and should include guidelines on safe working conditions – this should be communicated and made available to all staff members within PW&SD including all new recruits. | <b>No longer relevant.</b> Most divisions use health and safety standards relevant to their industry requirements.  |
| 23. | HIGH   | No monthly reports are produced for management's use. Monthly budget outturn reports are prepared and presented to the senior management team for monitoring purposes.   | <b>Yes.</b> Budget Outturn reports are produced by the Senior Executive Officer (PWSD) and submitted to management and Finance.   |
| 24. | HIGH   | No periodic stock checking takes place. Inaccurate stock records maintained resulting in disruptions to service delivery. Periodic stock checks should be carried out to ensure all stock items are checked at least once a year.  | <b>Partial</b> A full year-end stock count was completed at the year-end and fast moving stock items were checked and documented by stores staff.<br><br>However, questions are being asked about the quality of the stock take undertaken, as a number of differences have been recorded between the stock take and the computerised system. This is believed to be due to human error. Procedures need to be reviewed and staff involved in stock takes need to be trained. |

| No.   | RATING | RECOMMENDATION   | IMPLEMENTED YES/NO  |
|---|--------|--|---|
| 25.   | HIGH   | No stock valuation reports are produced. Inaccurate stock records maintained resulting in disruptions to service delivery. Stock valuation reports should be produced after each stock check so that management is aware of the value of stocks being held at any given point in time.   | <b>Partial</b> Stock valuation reports are produced from the system but regular stock takes have yet to be carried out. Further work with regard to stock needs to be carried out.  |
| 26.   | HIGH   | Unallocated Stores do not have written stores procedures in place. Disruption to service delivery in the event that there is loss of staff. Further, new recruits/replacements have no expected procedures to follow. There should be written procedures/guidelines outlining the Unallocated Stores system.   | <b>Partial</b> Unallocated Stores now have written procedures that are readily available in the Store but the process has yet be fully implemented across departments e.g. the Energy Unallocated stores  |
| 27.   | HIGH   | There is currently no liaison between Heads of Sections and the Senior Storekeeper regarding building / maintenance programmes scheduled and the stores required. Inability to supply material demands due to unavailability/lack of stores. Heads of Sections should liaise with the Senior Storekeeper on the building/maintenance programme scheduled for the year in order that the ordering and supply process of stores to ensure adequate stocks is maintained and available as required. | <b>Yes.</b> Heads of Sections complete a form detailing quantities required for a specific period for the Storekeeper who will then order materials as appropriate.   |
| <b>I26 Building Maintenance – February 2008</b> |        |  |   |
| 28.   | HIGH   | There is no programme in operation for keeping SHG's buildings in a good state of repair or assessing their state of repair. Building maintenance is currently done reactively at the request of individual departments. Deterioration of property.<br>Damage to contents.<br>Danger to occupants.<br>Higher repairs and maintenance costs in the long term.<br>Reduction in potential sale or lease values.   | <b>No</b> This has not been implemented and was reported as a recommendation in the Use of Empty Buildings report issued by SHAS in March 2011.<br><br>A programme is being developed based on an assessment of SHG assets, this will take up to one year |

| No. | RATING | RECOMMENDATION   | IMPLEMENTED YES/NO   |
|-----|--------|--|--|
|     |        | <u>Recommendation:</u><br>A plan for the assessment of buildings and for planned maintenance work should be put into operation.  | to develop and put into place, therefore work in progress.   |
| 29. | HIGH   | Despite efforts to recruit, at the time of our audit fieldwork there were no rock guards.<br><br>Increased risk of damage to property and people.<br><br><u>Recommendation:</u><br>Rock Guards should be recruited so that the rock guard service returns to being operational.  | <b>Yes.</b> The section is now fully staffed.  |
| 30. | HIGH   | There are currently no workers trained in the safe removal of asbestos. While plans for such training are well advanced, there is a backlog of asbestos.<br><br>.  | <b>Yes.</b> Training completed and staff now trained in the safe removal of asbestos.  |
| 31. | HIGH   | Approximately half the requisitions to the Building Maintenance section are in respect of Government Landlord (GL) Housing and are often minor and non urgent.<br>There are no agreed standards of service in respect of GL housing and there is no planning of how this high volume of requests be dealt with.<br>More generally there is no system for prioritising and planning how requisitions are to be met (or rejected). Time is wasted. Service standards should be agreed in respect of GL housing maintenance and a plan for meeting these standards should be established. This should at a minimum allow non-urgent requisitions to be dealt with in batches by neighbourhood rather than as individual call outs.<br>More generally procedures should be introduced for the planning and prioritising of jobs. | <b>Partial</b> The Manager/ Head of Department now prioritise and manages when requisitions are dealt with. But there are no agreed standards of service in respect of GL housing or procedures for planning and prioritizing of jobs. |

| No. | RATING | RECOMMENDATION   | IMPLEMENTED YES/NO  |
|-----|--------|--|---|
| 32. | HIGH   | <p>There is no system for logging complaints and responses to them. Loss of opportunities to improve service.</p> <p>Damage to reputation. Complaints and responses to them should be logged and monitored with a view to improving service.</p>   | <p><b>Partial</b> Customer complaint logs are held individually by the Central Utility Billing Section and the Energy Division. All other complaints are logged in the main office to the Works Coordinator but responses are not recorded or monitored for improvement purposes.</p> |
| 33. | HIGH   | <p>There is currently no substantial training programme in operation, although plans have been drawn up. This is despite the action in the Business plan to have all supervisors and foremen trained and to have a skill matrix updated by December 2007. Inefficient working practices. A training programme should be implemented.</p> | <p><b>Yes.</b> The department has developed a training programme that is now with AVEC who manages/ organises the specific training.</p>  |