

Highways Agency

Audit Report DN54

M40 Denham to Warwick DBFO

September 2012

Document Control

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Audit Details

Audited Organisation	UK Highways (M40) Ltd
Audit Date	28 September 2012
Audit Number	DN54

Auditors	Name	Role	Organisation
		Lead Auditor / Department's Representative	Highways Agency
		Assistant Department's Representative	Highways Agency

Other participants	Clare Fionda	Quality Director	UK Highways (M40) Ltd
	Chris Evans	Contract Manager	Carillion Highway Maintenance
		Administrator	UK Highways (M40) Ltd

Audit area	Quality
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Non-conformance	Five
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Observation	Seven
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Best Practice	Zero
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1 Introduction

- 1.1 The audit was carried out on UK Highways (M40) Ltd (UKH) to evaluate compliance with the DBFO contract and their Quality Management System in relation to Quality.
- 1.2 UKH is responsible for the M40 Denham to Warwick DBFO from junction 1 to 15. UKH have subcontracted Carillion Highway Maintenance (CHM) to provide operations and maintenance for the duration of the contract. The contract started in 1996 and expires in 2026.
- 1.3 The following documents were referred to during the audit:
 - M40 DBFO Contract;
 - UKH & CHM Quality Management System and processes.
- 1.4 The audit set out to examine DBFO contract compliance, the processes for conducting operations and maintenance, areas of good practice and changes that could be made to improve performance.

2 Review of corrective actions from previous audits

- 2.1 UKH have closed the majority of outstanding corrective actions from previous audits. There is 1 outstanding non-conformance relating to liaison procedures as identified at audit DN51 which needs to be closed.

3 Audit findings

3.1 Quality

- 3.1.1 UKH explained the structure of their quality management system and its interaction with CHM quality management system. UKH quality manual contains construction plan (major maintenance), operation and maintenance plan and financial plan. Within these plans UKH have documented procedures as required by ISO 9001:2008 and clause 21 of the DBFO contract including, document control, records, internal audit, control of non-conforming product, corrective action and preventive action.
- 3.1.2 UKH have specific M40 and generic UKH procedures in effect on the contract. These were last submitted collectively to the DR for review in November 2011 (Invu ref: 58653 & 59232).
- 3.1.3 **Observation 54/01 (OBS 54/01):** UKH management system register to be updated as detailed inspection procedure is now at revision 1 as opposed to revision 0.
- 3.1.4 CHM have a contract management plan which includes several other plans such as their quality plan, winter plan, contingency plan and operational procedures. Documented procedures as required by ISO 9001:2008 are maintained at a higher level within Carillion. Carillion are accredited to ISO 9001:2008 by Bureau Veritas.
- 3.1.5 UKH quality plan complies with the requirements of schedule 5 part 1 of the M40 DBFO contract. CHM contract management plan generally meets the requirements of operator's quality plan as detailed in schedule 5 part 2 of the M40 DBFO contract.
- 3.1.6 **Non-conformance 54/01 (NCR 54/01):** Clause 21.1.8 of the M40 DBFO contract requires any change or revision of quality plans to not take effect until there has been no objection in accordance with the *Review* procedure. CHM contract management plan is dated 14 March 2012 but there is no evidence to demonstrate that it was submitted to the DR for *Review*.
- 3.1.7 **Non-conformance 54/02 (NCR 54/02):** Paragraph 1.3 of CHM contract management plan requires a review to take place at a period of at least every 3 months. There is no evidence to demonstrate a review being carried out.

- 3.1.8 **Observation 54/02 (OBS 54/02):** It appears that plans and procedures are not being submitted for *Review* in a consistent way. In order to comply with clause 21.1.8 of the M40 DBFO contract, UKH/CHM must submit individual plans and procedures (in draft) for *Review* when changes/revisions are made. When no objection is received, UKH/CHM must submit a full set of quality documents on CD or other proposed format to ensure everyone is clear about the current plans and procedures in effect on the contract. If changes to plans and procedures are critical in terms of safety or compliance with legislation, then they can take effect and be submitted for *Review* retrospectively.
- 3.1.9 All parties were not entirely clear on the scope of quality documents that are subject to *Review*. It was agreed that any forms or risk assessments that are supplementary to a quality plan or procedure do not need to be submitted for *Review* but can be requested by the DR as additional information under clause 21.3 of the M40 DBFO contract.
- 3.1.10 UKH plans and procedures have reverted back to revision number 0 following the rationalisation of M40 specific and UKH generic procedures in 2011.
- 3.1.11 **Observation 54/03 (OBS 54/03):** UKH quality plan should refer to contract deliverables spreadsheet as part of the performance indicators section.
- 3.1.12 **Observation 54/04 (OBS 54/04):** When new requirements are introduced into the contract through a department's change in specification (DCS), additional works notice (AWN) or alternative proposal, such as new interim advice notes (IAN) or area management memos (AMM), these new requirements should be incorporated into relevant plans and procedures and the contract deliverables spreadsheet should be updated.
- 3.1.13 UKH quality plan provides a description of key staff and their roles on the contract as required by schedule 5 part 1 annex 5 of the M40 DBFO contract.
- 3.1.14 **Non-conformance 54/03 (NCR 54/03):** Schedule 5 part 1 annex 6 of the M40 DBFO contract requires the operator's quality plan to include a description of key staff and the experience required for their position. This information is not included in CHM contract management plan.

- 3.1.15 Clause 21.7 of the M40 DBFO contract requires any contractor or sub-contractor to comply with the provisions of clause 21. Essentially, this means that contractors and sub-contractors of UKH and CHM should have plans and procedures in accordance with ISO 9001:2008. UKH employ BCS as a sub-contractor on the M40 DBFO contract. CHM employ numerous sub-contractors on the M40 DBFO contract. The level at which sub-contractors should be subject to clause 21.7 is not clear as for example, it is not reasonable to expect a very small fencing contractor to have documented procedures in accordance with ISO 9001:2008. However, tier 1 sub-contractors such as BCS, landscaping and traffic management contractors should be subject to compliance with clause 21.7.
- 3.1.16 **Non-conformance 54/04 (NCR 54/04):** Clause 21.7 of the M40 DBFO contract requires any contractor or sub-contractor to comply with the provisions of clause 21. Evidence not provided to demonstrate that BCS are compliant with ISO 9001:2008.
- 3.1.17 **Non-conformance 54/05 (NCR 54/05):** Clause 21.1.8 of the M40 DBFO contract requires plans and procedures to be submitted for *Review* when changes or revisions are made. CHM liaison plan was sampled and was shown to have taken effect from June 2012 but had not been submitted for *Review*. In addition, many procedures have been updated but not submitted for *Review*.
- 3.1.18 It was identified that CHM do not appoint a member of staff to be solely responsible for quality on the M40 DBFO contract. Quality is being covered by various members of staff as an addition to other responsibilities. It would be beneficial to appoint a member of staff purely dedicated to quality on the M40.
- 3.1.19 A series of audits is conducted on the M40 DBFO contract by UKH, CHM and HA. Both UKH and CHM produced a programme of audits undertaken on the contract and CHM programme definitively captures all audits right down to depot inspections.
- 3.1.20 **Observation 54/05 (NCR 54/05):** CHM audit schedule needs to be updated to reflect audits that have been completed and new dates set.
- 3.1.21 Clause 21.5.3 requires quality management system to be reviewed at intervals agreed with DR. As long as quality plans and procedures are submitted as agreed in observation 54/02 then this will be satisfied.

- 3.1.22 Paragraph 5.6.1 of ISO 9001:2008 requires management review at regular intervals. UKH undertake a management review on an annual basis. Minutes of the last review in August 2011 were provided. Next review planned for later in 2012.
- 3.1.23 The raising of NCRs was discussed. Although operational NCRs are being raised by CHM and submitted to the HA via UKH, on many occasions the HA is not aware of the final outcome of the NCR.
- 3.1.24 **Observation 54/06 (NCR 54/06):** UKH NCR register logs all NCRs raised on the contract and should either be submitted to DR or reviewed at the bi-monthly management meeting to demonstrate NCRs have been effectively closed out.
- 3.1.25 **Observation 54/07 (OBS 54/07):** When UKH conduct an internal audit, the current NCR register should be submitted to DR along with the completed audit report in order to provide DR with a regular update of the status of NCRs on the contract.

4 Conclusion

- 4.1 The audit identified 5 non-conformances and 7 observations.
- 4.2 Quality should form the basis for the effective delivery of the M40 DBFO contract. If quality is managed and implemented in accordance with the contract, then performance in terms of operations and management of the contract should improve.
- 4.3 The audit identified that more time and effort is required by all parties to ensure quality is improved. Plans and procedures are being updated and implemented without first being submitted for *Review* and quality requirements are not being fully driven through the supply chain.
- 4.4 CHM have not appointed a member of staff dedicated to quality management. The audit findings demonstrate that effective quality management in accordance with the contract requires a greater input of resources than is currently provided.
- 4.5 Ensuring any changes or revisions to quality plans and procedures do not take effect until no objection has been received should dramatically improve the management of quality on the M40 DBFO contract.

END

ANNEX A – Audit meeting attendance record

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ANNEX B – Audit non-conformance and Observation Reports

Audit Non-Conformance Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	NCR No.	54/01
Statement			
You are hereby notified of the following Non-Conformance:			
<p>Clause 21.1.8 of the M40 DBFO contract requires any change or revision of quality plans to not take effect until there has been no objection in accordance with the <i>Review</i> procedure.</p> <p>CHM contract management plan is dated as final copy on 14 March 2012.</p> <p>There is no evidence to demonstrate that it was submitted to the DR for <i>Review</i>.</p>			
Category (Major/Minor)	Minor		
Signature (Auditor)		Date	05/10/12
Response			
Proposed immediate Corrective Action:			
Proposed Preventive Action (Long Term):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)		Date	
Verification			
Signature		Date	



Audit Non-Conformance Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	NCR No.	54/02
Statement			
You are hereby notified of the following Non-Conformance:			
<p>ISO 9001:2008 paragraph 4.1 requires implementation of actions necessary to achieve planned results.</p> <p>Paragraph 1.3 of CHM contract management plan requires a review to take place at a period of at least every 3 months.</p> <p>There is no evidence to demonstrate a review being carried out.</p>			
Category (Major/Minor)	Minor		
Signature (Auditor)		Date	05/10/12
Response			
Proposed immediate Corrective Action:			
Proposed Preventive Action (Long Term):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)		Date	
Verification			
Signature		Date	



Audit Non-Conformance Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	NCR No.	54/03
Statement			
You are hereby notified of the following Non-Conformance:			
<p>Schedule 5 part 1 annex 6 of the M40 DBFO contract requires the operator's quality plan to include a description of key staff and the experience required for their position.</p> <p>CHM contract management plan should cover requirements of schedule 5.</p> <p>Information on key staff is not included in CHM contract management plan.</p>			
Category (Major/Minor)	Minor		
Signature (Auditor)		Date	05/10/12
Response			
Proposed immediate Corrective Action			
Proposed Preventive Action (Long Term):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)		Date	
Verification			
Signature		Date	

Audit Non-Conformance Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	NCR No.	54/04
Statement			
You are hereby notified of the following Non-Conformance:			
<p>Clause 21.7 of the M40 DBFO contract requires any contractor or sub-contractor to comply with the provisions of clause 21.</p> <p>UKH and CHM employ several sub-contractors for work on structures, landscaping, traffic management and other activities.</p> <p>No evidence provided to demonstrate that BCS are compliant with ISO 9001:2008.</p>			
Category (Major/Minor)	Minor		
Signature (Auditor)		Date	05/10/12
Response			
Proposed immediate Corrective Action			
Proposed Preventive Action (Long Term):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)		Date	
Verification			
Signature		Date	



Audit Non-Conformance Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	NCR No.	54/05
Statement			
You are hereby notified of the following Non-Conformance:			
<p>Clause 21.1.8 of the M40 DBFO contract requires plans and procedures to be submitted for <i>Review</i> when changes or revisions are made.</p> <p>CHM liaison plan was sampled and was shown to have taken effect from June 2012. In addition, many procedures have been updated.</p> <p>No evidence to demonstrate that plans or procedures have been submitted for <i>Review</i>.</p>			
Category (Major/Minor)	Minor		
Signature (Auditor)		Date	05/10/12
Response			
Proposed immediate Corrective Action			
Proposed Preventive Action (Long Term):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)		Date	
Verification			
Signature		Date	

Audit Observation Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	Observation No.	54/01
Statement			
You are hereby notified of the following Observation:			
<p>UKH management system register to be updated as detailed inspection procedure is now at revision 1 as opposed to revision 0.</p>			
Signature (Auditor)	[Redacted]		Date 05/10/12
Response			
Proposed action (if any):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)	[Redacted]		Date
Verification			
Signature			
Date			

Audit Observation Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	Observation No.	54/02
Statement			
You are hereby notified of the following Observation:			
<p>It appears that plans and procedures are not being submitted for <i>Review</i> in a consistent way. In order to comply with clause 21.1.8 of the M40 DBFO contract, UKH/CHM must submit individual plans and procedures (in draft) for <i>Review</i> when changes/revisions are made. When no objection is received, UKH/CHM must submit a full set of quality documents on CD or other proposed format to ensure everyone is clear about the current plans and procedures in effect on the contract. If changes to plans and procedures are critical in terms of safety or compliance with legislation, then they can take effect and be submitted for <i>Review</i> retrospectively.</p>			
Signature (Auditor)	[Redacted]		Date 05/10/12
Response			
Proposed action (if any):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)	[Redacted]		Date
Verification			
Signature			
Signature		Date	



Audit Observation Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	Observation No.	54/03
Statement			
You are hereby notified of the following Observation:			
UKH quality plan should refer to contract deliverables spreadsheet as part of the performance indicators section.			
Signature (Auditor)		Date 05/10/12	
Response			
Proposed action (if any):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)		Date	
Verification			
Signature			
Date			

Audit Observation Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	Observation No.	54/04
Statement			
You are hereby notified of the following Observation:			
<p>When new requirements are introduced into the contract through a department's change in specification (DCS), additional works notice (AWN) or alternative proposal, such as new interim advice notes (IAN) or area management memos (AMM), these new requirements should be incorporated into relevant plans and procedures and the contract deliverables spreadsheet should be updated.</p>			
Signature (Auditor)		Date	05/10/12
Response			
Proposed action (if any):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)		Date	
Verification			
Signature			
Date			




Audit Observation Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	Observation No.	54/05
Statement			
You are hereby notified of the following Observation:			
CHM audit schedule needs to be updated to reflect audits that have been completed and new dates set.			
Signature (Auditor)		Date 05/10/12	
Response			
Proposed action (if any):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)		Date	
Verification			
Signature			
Date			



Audit Observation Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	Observation No.	54/06
Statement			
You are hereby notified of the following Observation:			
UKH NCR register logs all NCRs raised on the contract and should be submitted to DR or reviewed at the bi-monthly management meeting in order to track and demonstrate NCRs have been effectively closed out.			
Signature (Auditor)	[Redacted]		Date 05/10/12
Response			
Proposed action (if any):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)			Date
Verification			
Signature			Date



Audit Observation Report			
Audit No.	DN54	Date	28 September 2012
Item	Quality	Observation No.	54/07
Statement			
You are hereby notified of the following Observation:			
When UKH conduct an internal audit, the current NCR register should be submitted to DR along with the completed audit report in order to provide DR with a regular update of the status of NCRs on the contract.			
Signature (Auditor)			Date 05/10/12
Response			
Proposed action (if any):			
Cause of deviation:			
Scheduled completion/implementation:			
Signature (Auditee)			Date
Verification			
Signature			Date