



INTERNAL AUDIT REPORT

TO: Head of Housing and Property Services **SUBJECT:** Highways Functions

C.C. Chief Executive **REF:** JK/HF/JB
Deputy Chief Executive (BH)
Head of Finance
Asset Manager
Area Engineer

FROM: Audit and Risk Manager **DATE:** 30 September 2015

1 Introduction

- 1.1 As part of the 2015/16 Audit Plan an audit has recently been completed on the systems and procedures in place to manage the WDC highways functions i.e. the work of the Engineering Team in Housing and Property Services (H&PS).
- 1.2 This report outlines the approach to the audit and presents the findings and conclusions arising.

2 Scope and objectives of the audit

- 2.1 The audit was undertaken in order to establish and test the controls in place over the management of the service.
- 2.2 The audit programme identified the controls expected to be in place and the possible risks arising in the absence of those controls.
- 2.3 Specifically the control objectives examined were as follows:
 - (a) Appropriate service area and team operational plans are in place.
 - (b) All procurement activity is in accordance with the Code of Procurement Practice.
 - (c) A programme of inspections is in place, undertaken and evidenced.
 - (d) Bus shelters, street seats and signposts are appropriately maintained.
 - (e) Budgetary control procedures are in place and adhered to.
 - (f) Risks associated with the service are identified and managed.

3 Background

- 3.1 The Engineering Team has endured something of a nomadic existence in recent years as a result of restructures and changes in responsibilities. It has been positioned in Community Protection, Neighbourhood Services and currently its home is H&PS which seems like a more natural location as much of the team's work relates to corporate property repair and maintenance.

3.2 At the time of the last audit the team was responsible for rural footway lighting which has since transferred to Energy Management and for street naming and numbering which has transferred to the GIS Team within ICT Services.

3.3 The work of the team now mainly comprises:

Regular inspection and maintenance of WDC roadways and footways, and Housing and Property land.

Regular inspection and maintenance of multi-storey and surface car parks.

Ad hoc responses to complaints and requests for repairs.

Maintenance of bus shelters, street seats, street nameplates, finger posts and signs.

Managing the highways aspect of the planned preventive maintenance programme for corporate land and property.

4 Findings

4.1 In overall terms the audit concluded that the WDC highways function is well managed. The work of the team is well planned and organised, the majority of records and evidence of transactions are available electronically and there are sound budgetary control procedures.

4.2 In terms of the control objectives listed at 2.3 the findings were as follows.

4.3 Appropriate plans in place

4.3.1 The main driver for the work of the team is the Engineering Team Operational Plan (TOP) 2015/2016. This sets out in some detail what the team will be doing this year, who is responsible and where possible the start and finish dates.

4.3.2 Included in the TOP, but virtually a plan in its own right, are a number of schemes for other service areas, mainly Culture, that form part of a five year Planned Preventive Maintenance (PPM) programme approved by Executive in March 2014.

4.3.3 The original value of the programme for 2015/2016 was £402,000 but slippage from 2014/2015 of £219,500 gives a revised programme for this year of £621,500.

4.3.4 There are some resourcing issues within H&PS that have resulted in a backlog of work and a request has been made for some temporary additional staffing.

4.4 Procurement complies with the Code of Procurement Practice

4.4.1 The team manages a relatively small amount of work in its own right i.e. street furniture repair and maintenance but a considerable amount for other service areas.

- 4.4.2 In all cases work is ordered and invoiced using the financial management system TOTAL.
- 4.4.3 Works to street furniture and relatively small kerbing, patching and drainage works are carried out under a framework contract which covers three suppliers.
- 4.4.4 Whenever work is required a Bill of Quantities (BOQ) is drawn up and the rates submitted by the three contractors are applied thereby automatically identifying the successful bidder.
- 4.4.5 For higher value works e.g. works from the PPM programme, a BOQ is drawn up and sent to the same three contractors for them to complete and submit a bid.

4.5 **A programme of inspections is in place**

- 4.5.1 A standing and regular feature of the team's work is the inspection of WDC roadways and footways surface and multi-storey car parks and Housing and Property land e.g. all of the roads, paths and car parks in Newbold Comyn Park.
- 4.5.2 The inspections are carried out to fulfil a reasonable landlord or owner's duty to ensure that land and property is safe and in good repair and does not pose any risks to users. Inspections also serve to identify any works that are required immediately or that can be programmed for the future.
- 4.5.3 The inspections process is often referred to as part of defending an insurance claim. Any claim is likely to be dismissed or reduced provided the council can demonstrate that it has acted reasonably as regards its inspection frequency and is able to provide evidence that the inspections have taken place.
- 4.5.4 The plans for inspections are included in the Engineering TOP. Evidence that inspections have taken place is included in the team's electronic filing. The evidence is detailed and normally includes all of the expected information such as date, time, officer etc. and also an inspection sheet listing what was found, maps of the site and quite often numerous photographs.

4.6 **Bus shelters and street furniture are maintained**

- 4.6.1 The council is responsible for ensuring that most streets have a nameplate to identify them and for maintaining certain street signs. It also has assumed responsibility over the years for a farrago of bus shelters and street seats where ownership or responsibility is unclear or denied.
- 4.6.2 There is a total budget of £20,800 for the repair, maintenance and improvements of the above and so the approach is a combination of only carrying out essential works and leaving any planned work until the end of the year.
- 4.6.3 Detailed inventories of all of the items that the Council are responsible for are maintained by the team and a certain amount of detail is published on the WDC website.

4.7 **Budgetary control**

- 4.7.1 The budget for WDC Highways (as it is called in the published Budget Book) for 2015/16 showed estimated expenditure £266,600. However this included over £55K for routine maintenance of rural footway lighting together with the salary costs of the post dealing with lighting.
- 4.7.2 Within the last few days of this audit this was rectified with the footway lighting maintenance and energy costs being transferred to their own cost centre and the cost of the post being transferred to Energy Management.
- 4.7.3 At the same time the cost of the engineers' posts has been transferred to a new cost centre called Building Surveying. This only leaves a total of £81,300 in the Highways budget with most of that being support service costs. All that remains that is controllable are the street furniture budgets with a small amount for special repairs – a total of £23,200.
- 4.7.4 This sum is very well controlled using spreadsheets for the various categories and entering order and invoice details against each code for all transactions.
- 4.7.5 Minor repair works undertaken on behalf of other service areas will be the responsibility of other budget holders.
- 4.7.6 The larger schemes that are let and managed as part of the PPM programme are monitored by the team and also as part of the Corporate Property Repair and Maintenance budget monitoring.

4.8 **Risk management**

- 4.8.1 As most of the work undertaken by the team is corporate property related any risks arising from their work will be covered by the broad safety risks as a result of a poor state of repair of housing and corporate assets identified in the H&PS risk register.
- 4.8.2 The team work both in the office and on site, sometimes alone. They will therefore face all the usual generic risks of personal safety, failure of systems, lack of resources etc. that are faced by most of H&PS and included in the register.

5 **Conclusion**

- 5.1 In overall terms the audit concluded that the systems and procedures in place to manage the WDC Highways Functions are sound.
- 5.2 The audit can therefore give a **SUBSTANTIAL** level of assurance that the systems and procedures in place are appropriate and working effectively.

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