

## INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager      **SUBJECT:** Highways Functions  
**TO:** Deputy Chief Executive (BH)      **DATE:** 13 July 2018  
**C.C.** Chief Executive  
Head of Finance  
Repairs Manager  
Building, Surveying &  
Construction Manager  
Portfolio Holder (Cllr Mobbs)

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### 1 Introduction

- 1.1 In accordance with the Audit Plan for 2018/19, an examination of the above subject area has been undertaken and this report presents the findings and conclusions drawn from the audit for information and action where appropriate. This topic was last audited in September 2015.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

### 2 Background

- 2.1 The 'functions' covered under this audit are varied:
- 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.
- 2.2 Historically, the works have been undertaken by staff within an Engineering team. However, the team no longer exists, with staff being split across different managers within the Assets section.

### 3 Scope and Objectives of the Audit

- 3.1 The audit was undertaken to test the management and financial controls in place.

3.2 In terms of scope, the audit covered the following areas:

- Planning and programming
- Inspections and maintenance
- Procurement
- Budgetary control
- Risk management.

3.3 The audit programme identified the expected controls. The control objectives examined were:

- Management is aware of the work that is required of their teams
- Staff are able to plan their work appropriately
- The Council is aware of all items that it is responsible for
- Items that are the Council's responsibility are appropriately maintained
- Works are ordered in line with the Code of Procurement Practice
- The Council is aware of the cost of individual jobs
- The Council pays the agreed amounts for works undertaken
- Budgets are effectively managed
- Management is aware of the risks associated with the provision of services.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 There were no recommendations raised in the previous audit, so this section is not applicable.

### 4.2 Planning & Programming

4.2.1 There is no direct mention of highways-related functions in the Chief Executive's Office Service Area Plan, although they are covered under the general umbrella of corporate assets in a number of cases within the Managing Service Delivery section of the document.

4.2.2 As suggested above, the highways functions work used to be undertaken by staff within a distinct team. Whilst some of the same staff are still involved with the work, they are split across different teams within the Assets section. As a result, there is no specific Team Operational Plan in place. However, the relevant staff all have spreadsheets in place which record details of their planned work.

4.2.3 The work is undertaken by three members of staff who each cover specific elements. Each member of staff maintains their own spreadsheets which set out when the inspections will be performed, although these are in overview terms (i.e. setting out blocks of time when the different areas will be covered) as opposed to detailed plans regarding when each specific item will be inspected.

### 4.3 **Inspections & Maintenance**

- 4.3.1 Each officer maintains their own records of what 'items' the Council is responsible for in respect of their own areas of responsibility, with spreadsheets and plan maps being held depending on the 'type' of item being covered.
- 4.3.2 The three staff members advised that there are no formal processes in place to advise them of any new areas / items that would become the Council's responsibility and one of the Area Maintenance Officers (AMO) suggested that some odd historic areas are still identified even now. This may become more of an issue going forward due to the number of new estates that are being built in the district following the adoption of the local plan.

#### **Risk**

**The Council may not be inspecting and maintaining sites and infrastructure that it is responsible for.**

#### **Recommendation**

**A formal method of identifying new areas and items that will become the Council's responsibility should be devised and adopted.**

- 4.3.3 The frequency of inspection is largely determined by the amount of use of an item or footfall within an area.
- 4.3.4 The AMO responsible for the highways-related surfaces advised that his main inspections are undertaken on an annual basis. Inspection notes are initially written on paper forms with the details subsequently recorded on three (area-related) spreadsheets. These documents are supported by plans showing the areas inspected and photographs of any areas where work may be required.
- 4.3.5 Upon review of the spreadsheets held, it was confirmed that all inspections had been completed during 2017 and a start had been made on the 2018 inspections.
- 4.3.6 The AMO responsible for car parks and street furniture advised that the street furniture items (i.e. name plates, seats, bus shelters and signage) only have ad-hoc inspections and these will often be undertaken following notification that there is an issue. He also suggested that the Clerk of Works would informally review items during his travels.
- 4.3.7 However, the car parks should be formally inspected twice a year (surface car park inspections planned for May and November, with multi-storey inspections planned for July and January). The AMO also suggested that the Rangers will (informally) inspect them on a monthly basis to flag any issues that require urgent attention.
- 4.3.8 Due to a period absence during 2017, there were no summer inspections performed by the AMO. However, the winter inspections were subsequently performed.

- 4.3.9 The AMO also operates a system of spreadsheets being supported by plans and photographs for his inspections. There are individual spreadsheets for each multi-storey car park, with spreadsheets also maintained for the surface car parks in each of the three main towns. Upon review, it was confirmed that the inspections had been completed as required.
- 4.3.10 The Building Surveyor (BS) responsible for the non-highways areas would be inspected at least annually, with high footfall areas being covered twice per year. Inspection spreadsheets are similarly maintained (one per area).
- 4.3.11 Upon review of the spreadsheets for 2017/18 it was noted that not all areas had been inspected, and none of the areas had been inspected twice. However, the BS highlighted that he had been absent during the last year for health reasons and it had not been possible to complete the inspections.

### **Risk**

**The Council may not be inspecting and maintaining sites and infrastructure that it is responsible for.**

### **Recommendation**

**Consideration should be given to providing staff cover to ensure that all inspections are performed in line with the established frequencies.**

- 4.3.12 The inspections performed will identify defects that require attention, with the issues being recorded on the inspection spreadsheets. However, upon review and during discussions with the relevant staff, it transpired that budgets are not sufficient to undertake all of the identified work, with jobs having to be prioritised accordingly.
- 4.3.13 As well as the jobs identified as part of the inspections, other staff will also flag works that are required outside of this process. Again, staff have to use their experience to identify whether these need to be prioritised over other works recorded depending on whether the issue is dangerous. In general terms, there appears to be a trade-off between available budgets and the potential risks which may lead to insurance claims against the Council should someone be injured as a result of an accident relating to maintenance not being performed.
- 4.3.14 The majority of works ordered by the three members of staff are reactive. However, the AMO covering car parks advised that he was trying to move towards planned (preventative) maintenance (PPM) and there was now a budget in place for this.
- 4.3.15 Individual PPM spreadsheets are in place for each of the (surface) car parks, with a summary spreadsheet also being in place for the works to be undertaken this year. He highlighted that the budget was only received in January 2018 and, as a result, the majority of the works scheduled for 2017/18 (year one of the plan) had been slipped into the current financial year.

#### **4.4 Procurement**

- 4.4.1 There is a Minor Engineering contract in place with Allworks, which has recently been extended for three years until March 2021. A copy of the contract was found to be held in the document store.
- 4.4.2 The relevant staff advised that works would be placed with Allworks, although some 'non-engineering' works may be placed with other contractors (e.g. works to doors in the car parks may be undertaken by Pinner's under their general corporate repairs contract), with all jobs being recorded on Active H.
- 4.4.3 A summary review of Active H confirmed that relevant works were being placed with the appropriate contractors.
- 4.4.4 The contract with Allworks includes a schedule of rates for the different works to be undertaken, with bills of quantities (BOQs) being drawn up for works placed under the contract.
- 4.4.5 Testing was performed on a sample of payments made to Allworks to ensure that BOQs were in place and that the correct rates had been used. This test proved generally satisfactory with BOQs held in relation to the majority of the sample with quotes also held for works not covered under the contract. Some documentation could not be located but this was from the period of absence for the relevant AMO.

#### **4.5 Budgetary Control**

- 4.5.1 The three staff responsible for the works highlighted that they are generally not responsible for the budget codes that they charge the jobs to.
- 4.5.2 The AMO responsible for the highways surfaces advised that various different staff within Housing and Assets will ask him to arrange work and will provide him with a relevant budget code. He has control over one code and uses a spreadsheet to monitor spend, with costs from each code being coloured differently.
- 4.5.3 He advised that he will be told when monies are running out on the other codes with work being prioritised and / or postponed until the following year.
- 4.5.4 The AMO responsible for car parks and street furniture uses different budget and code book spreadsheets to monitor spend against his budgets as well as the car park budgets which are owned by the Car Parks Manager. The code book spreadsheets keep a running total of estimated costs for works placed, actuals for invoices received and a percentage spent for the budget.
- 4.5.5 The Building Surveyor responsible for the non-highways surfaces advised that he will get reports from Active H listing the jobs that have been placed and codes are (generally) placed against them, although there were a number of gaps of the spreadsheet reviewed. The main code used a code owned by the Green Spaces team.

- 4.5.6 In general terms, unless there was direct control over the budget codes, the staff would expect the budget owners to flag if expenditure was nearing the budget limit and would prioritise works accordingly.

#### 4.6 Risk Management

- 4.6.1 There is a top-level risk register in place for the Chief Executive's Office which covers generic, cross-cutting risks that are relevant to all sections of the service area. This is then meant to be supported by 'thematic' risk registers for the different teams.
- 4.6.2 However, none of the senior staff within the Assets team (the Repairs Manager, the Building, Surveying & Construction Manager or the Building Surveyor who had been interim Assets Manager) were able to locate the document at the time of the audit and were largely unaware of its existence. Similarly, the Deputy Chief Executive in charge of Assets was unable to locate the document at the time of the review.

#### Risk

**Management may be unaware of the risks associated with the inspection and maintenance programmes related to the 'highways functions'.**

#### Recommendation

**Once located, senior staff within the Assets section should familiarise themselves with the risk register and should regularly review its contents to ensure that it remains relevant.**

### 5 Conclusions

- 5.1 Following our review, in overall terms we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Highways Functions are appropriate and are working effectively.
- 5.2 The assurance bands are shown below:

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

- 5.3 Minor issues were, however, identified:
- There is no formal method for identifying new items or areas that will become the Council's responsibility.
  - A number of inspections had not been performed due to staff absence.

- Senior staff were unaware of the location or existence of the Assets risk register that supports the top-level Chief Executive's Office risk register.

## 6 **Management Action**

- 6.1 The recommendation arising above is reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr  
Audit and Risk Manager

## Action Plan

## Internal Audit of Highways Functions – June 2018

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.2	A formal method of identifying new areas and items that will become the Council's responsibility should be devised and adopted.	The Council may not be inspecting and maintaining sites and infrastructure that it is responsible for.	Low	Asset Manager	There are existing arrangements in place for areas that the Council is taking on responsibility to be added to the Asset Register but it is a concern that the junior staff interviewed were unaware of them. The longstanding management weaknesses within the team, of which this is symptomatic are being addressed through the Assets re-design which has passed the Final Proposals consultation stage and will be the subject of reports to Executive in August and Employment Committee in September. A new Asset Manager is being recruited in advance of these wider changes, which will allow the procedures to be reviewed and staff properly trained.	December 2018



Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.11	Consideration should be given to providing staff cover to ensure that all inspections are performed in line with the established frequencies.	The Council may not be inspecting and maintaining sites and infrastructure that it is responsible for.	Medium	Asset Manager	The proposals within the Assets re-design include the creation of a new team under a Technical Manager. This will comprise of the Team Manager, two Team Leaders and an increased complement of six Building Surveyors. The responsibility for this work will transfer to this team which will have eight staff available to share the work rather than the current three.	December 2018

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.6.2	Once located, senior staff within the Assets section should familiarise themselves with the risk register and should regularly review its contents to ensure that it remains relevant.	Management may be unaware of the risks associated with the inspection and maintenance programmes related to the 'highways functions'.	Low	Deputy Chief Executive (BH)	The Asset team risk register was last reviewed in April 2018 by the Deputy Chief Executive (BH) and the (then, temporary) Asset Manager but had been stored by the latter on their H drive rather than the team I drive. The register has specific risk headings for failure to maintain rural street and footway lighting and failure to maintain existing or replace missing street nameplates. The current register has been shared with relevant staff. The register will be reviewed when the re-design has been implemented and the new management team is in place.	December 2018

\* Risk Ratings are defined as follows:

High Risk: Issue of significant importance requiring urgent attention.  
Medium Risk: Issue of moderate importance requiring prompt attention.  
Low Risk: Issue of minor importance requiring attention.