

**Internal Audit reports identifying ‘significant’ risk or ‘of concern’:  
Highways Asset Management**

**Audit Committee**

**Date: 4<sup>th</sup> November 2014**

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Author:	Head of Internal Audit
Wards:	None
Locality Affected:	None
Parishes Affected:	None

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**1. Purpose and Reasons**

- 1.1 Members requested that at least one individual audit report be presented to each meeting of the Committee. At the meeting in February an Internal Audit report on *Highways Asset Management* was presented to Members. At that meeting Members requested that a follow-up audit be undertaken and the results reported to the November meeting of the Committee.
- 1.2 The Council’s Audit Committee has a strategic role to ensure that the Council’s assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating effectively.

**2. Recommendations**

- 2.1 It is recommended that the contents of the report be noted.

**3. Detail**

Background

- 3.1 As a unitary authority, the Council is also the Highway Authority for the highway network that falls within the boundaries of the borough. However, this excludes roads that form part of the country’s strategic network; these are the responsibility of the Highways Agency. Within the boundaries of the Council the strategic routes are the M4 and the A419.
- 3.2 An Internal Audit review of Highways Asset Management was completed in October 2013. The audit opinion was that significant improvements were required resulting in an overall ‘Of Concern’ risk assessment to the Council.
- 3.3 Audit Committee selected the report to be presented to their February 2014 meeting. The Head of Highways and Transport attended the meeting and updated Members with progress in implementing agreed recommendations. Members requested that an update on progress be brought back to Audit Committee later in the year.
- 3.4 Since the issue of the original Internal Audit report a decision to reintegrate the majority of services provided by Swindon Commercial Services (SCS) back in to

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the Council was made. This included the services provided by the SCS Highways Team that are now managed by the Head of Highways and Transport.

- 3.5 This reintegration has had a significant impact on the nature of some of the recommendations made in the original audit report and on the timescales for implementation agreed at that time.

### Action since last audit

- 3.6 The auditor has tested relevant documentation and processes to establish progress made in implementing agreed recommendations. A summary of findings is set out in the table below:

Priority of recommendations	Total	Implemented	Not Implemented	In Progress
High	3	2	0	1
Medium	6	3	3	0
Low	0	0	0	0
Total	9	5	3	1

- 3.7 The full Internal Audit report setting out in more detail the state of implementation of the recommendations is set out in Appendix 1. Progress has been made on a number of recommendations. However, the reintegration of SCS has had a significant impact on the nature and timescales for delivery of some of the recommendations.
- 3.8 The Head of Highways and Transport will also be attending Audit Committee to answer any questions that Members may have.

### 4. Alternative Options

- 4.1 Not Applicable

### 5. Implications, Diversity Impact Assessment and Risk Management

#### Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report however the detailed audit report addresses the suitability of internal controls within the systems examined

#### Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2011. The Internal Audit service also provides assurance to the Director of

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Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 None

Links to One Swindon, Strategic Objectives, Plans and Policies

5.4 Effective systems of internal control within the Council will help to ensure that the Council's corporate objectives and those set out in One Swindon are achieved.

Diversity Impact Assessment

5.5 Not Applicable

Risk Management

5.6 Not applicable

**6. Consultees**

6.1 The Board Director: Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

**7. Background Papers**

7.1 None

**8. Appendices**

8.1 Appendix 1 – Internal Audit report: *Highways Asset Management follow-up review* (Oct 2014)