

Swindon Borough Council

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Swindon Internal Audit Services

Memorandum to: Gwillam Lloyd Head of Highways and Transport

Copies to: Bernie Brannan Board Director: Service Delivery

From: Nick Hobbs Head of Internal Audit

Date: 23rd October 2014

Your Reference:

Our Reference: SD/HAMFA/SH

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Internal Audit Highways Asset Management Follow-up review

Introduction

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.

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.

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 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.

This reintegration has had an 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

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

(a) Recommendations implemented

Internal Audit is pleased to report that the following five recommendations have been implemented:

- A training plan/matrix has been developed for the Highways Inspectors. Training is being delivered and recorded accordingly.
- All known bridges/structures have now been examined and condition scores obtained. A budget of £230,000 has been included in the capital programme for 2014/15 for work on the more critical bridges/structures.
- A capital budget of £300,000 was agreed for drainage in 2014/15. Discussions are on-going regarding future year's funding.
- The Local Flood Risk Management Strategy and year one action plan was agreed by Cabinet in July 2014. This includes an objective to: *develop a prioritised action plan to manage flood risk by maintaining and improving where appropriate, local flood risk management infrastructure and systems.*
- The Head of Highways and Transport and the Council's Insurance Manager have now met to discuss insurance claims made due to the condition of the roads and pavements. The Insurance Manager will now provide quarterly reports to all business areas regarding insurance costs.

Progress has started on implementing the key outstanding recommendation however a considerable amount of work is still required:

- The need to formally define the scope of the highways delivery service, performance criteria and relevant roles and responsibilities etc. The reintegration of SCS has had a significant impact on this recommendation and a revised timescale of October 2015 has been indicated by the Head of Service.

(b) Outstanding recommendations

The following recommendations are still outstanding from the original audit report:

- To date it has not been possible to recruit a suitable candidate to the post of Bridge/Structure Engineer.
- Bridge condition surveys result in a ranking score out of 100. A formal decision should be made on what the benchmark score should be before it is considered that remedial action is required to be undertaken.
- Determine whether the Confirm IT data base will be used as the Highways management primary information system. Evaluate the cost benefit of operating a separate Pavement Management system or switching to Confirm system. It should be noted that the Confirm system will be included in the Council wide review of Information Assets.

(c) New recommendations

A couple of minor new recommendations have been made during the follow up review. These have been included in the attached action plan.

Audit Opinion

- (a) Opinion on system controls: Significant improvements required** i.e. the Auditor completing the review concluded that existing procedures still needed to be improved to ensure that they are fully reliable.

(b) Overall assessment of risk: The combination of the **high impact** of the system, along with the opinion on the system controls gives an overall risk assessment to the Council that remains as being **of concern**:

		MATERIALITY AND IMPACT		
SYSTEM CONTROL		High	Medium	Low
1	High standard	Minimal	Minimal	Minimal
2	Satisfactory	Moderate	Minimal	Minimal
3	Significant improvements required	Of concern	Moderate	Minimal
4	Fundamental weaknesses identified	Significant	Of concern	Moderate

The attached Follow-Up form provides details of the original audit recommendations with management responses, along with updated audit findings and management responses, following the follow-up review.

If you have any queries regarding the above please do not hesitate to contact Steve Hayward, who carried out the audit, or me.

Many thanks,