

Internal Audit Report

Highways Programme

August 2019

To: Strategic Director of Environment, LBB
Strategic Lead Commissioner – Transport and Highways, LBB
Strategic Lead – Effective Borough Travel, LBB
Commercial Advisor, LBB
Finance Manager, LBB
Operations Director, Re
Commercial Manager, Re
Service Director – Highways, Re
Head of Performance and Risk Management, Re

Copied to: Director of Finance, LBB

From: Head of Internal Audit

We would like to thank management and staff of LBB Growth and Corporate Services, LBB Finance and Re for their time and co-operation during the course of the internal audit.

Executive Summary

Assurance level	Number of recommendations by risk category				
	Critical	High	Medium	Low	Advisory
No Assurance	-	6	-	-	1

Scope

As part of the 2017/18 Internal Audit plan, in January 2018 a review of the Highways Programme was commenced covering the following scope areas:

- Payment process (Conways Aecom); - focusing on Re management of Conway Aecom,
- Highways Programme Expenditure (including SPIRs) – focussing on Council management of SPIRs; and
- Implementation of previous audit recommendations – focussing on Re management of Conway Aecom

It was mutually agreed with Re to delay the fieldwork on this review. This was due to the capacity needed within Re and the internal audit team to undertake work in response to the Grant Thornton review of Financial Management relating to CPO Fraud.

Summary of findings

This audit has identified 6 high risk findings.

We identified the following issues as part of the audit:

Payment process (focusing on Re management of Conway Aecom)

- **Invoice validation (finding one, high):** We tested a sample of 25 invoices for evidence of related quality checks and inspections of works and the appropriate certification of invoices. Evidence such as invoices, e-mail trails of certification for payment, site inspection sheets, photographs of works, task completion sheets and bills of quantities was made available to us in shared folders for review. Where we were unable to match documentation to the relevant works, we recorded it as an exception. In relation to validation of invoices for payment we found as follows:
 - Certification: 14/25 (56%): The invoices were not certified for payment by the appropriate budget manager. Of these:
 - 12/14: Invoices were certified by 2 officers, however they were not the relevant budget managers for the applicable cost centre.
 - 2/14: There was insufficient evidence in Integra and provided to us for review of appropriate certification of the invoice for payment.
 - Invoice calculations: 16/25 (64%): We were not able to reconcile the invoice amounts to supporting calculations, normally the related bill of quantities
 - Quality checks: 20/25 (80%): Complete evidence of quality checks and checks for completion of works were not available for inspection. Of these:
 - For 6/20 (30%), there was no evidence of site inspections / quality checks of works provided to us for inspection
 - For 14/20 (70%), varying evidence of inspection and quality checks were available, so for example some had site inspection sheets and task completion certificates without photographs while some had photographs without site inspection and task completion certificates.

Highways Programme Expenditure (including SPIRs) – focussing on Council management of SPIRs

- **Initiation of Special Projects (finding two, high)** – We noted the following issues:
 - Schedule 15 of the Joint Venture Contract: Schedule 15 of the Regional Enterprise joint venture contract (Special Projects Approval Procedure) describes the process to be followed by the Council (the Authority) and Re (the Service Provider) in commencing a special project. Management confirmed that Highways Special Projects are not initiated as per Section 15 in its entirety. We considered that the process for approving Highways SPIRs should be reviewed and documented.
 - Completion of Confirmation and Progress of Special Project Acceptance checklist: We found a ‘SPIR template’ is completed through negotiation between LBB and Re which is then signed off by the Council. The document includes a section headed ‘Confirmation and Progress of Special Project Acceptance’ to document that the proposal has been sent to Re and their response received, as well as dates of Senior Responsible Officer (SRO), Commercial, Finance and Performance Management Team sign off. The final step is for the Strategic Director to sign and date the document. We selected six completed SPIRs templates – three from 2017/18 and three from 2018/19 and noted for:
 - 3/6 (50%) SPIR documents contained empty fields which should have been completed by the Commercial Team to record their approval for the draft document to be sent to Re for consideration;
 - 6/6 (100%) documents had blank fields to confirm that Re had considered the request, given feedback and there was a decision by the Commissioning lead to approve the SPIR upon Re’s response;
 - 5/6 (83%) documents contained blank fields which should have been completed to confirm sign off by the SRO, Commercial, Finance and Performance Management Teams;
 - 1/6 (17%) document the field for finance approval was blank. In addition, it had a date when the SRO, Commercial, and Performance Management Teams signed off the SPIR; however, we considered the name of the approver within these teams should also be inserted into the form.
 - 5/6 (83%) documents contained a picture of the Strategic Director’s signature to act as sign off. We considered that, given the amount of funding involved, £1.6m across the 5 SPIRs, a ‘wet signature’ should be added to the document; and
 - 1/6 (17%) requests had sign off by the Strategic Director for Environment but there was no date of approval within the document.
 - Timeliness of SPIR approvals: We selected six SPIRs approved since October 2017 and sought evidence to confirm that work has not commenced before the SPIR was approved by the Strategic Director. We noted the following issues:
 - One SPIR related to work approved at Area Committees in February and March 2017. The SPIR was approved in October 2017, before payments had been made, but we found instances where work within the SPIR had already been completed and reported as such within Area Committee papers before the date the SPIR was approved;
 - One SPIR related to Moving Traffic Contraventions (MTC) Phase 3 installation. As there was no date within the document to show Strategic Director sign off, we were unable to ascertain whether the SPIR was signed off before a payment of £9,728 on 23 May 2018;
 - One SPIR related to Watling Car Park Improvements to support the Colindale office. The SPIR contained a capped budget of £20,000 for both Phase 1 and 2. We asked LBB Finance if any invoices had been paid against this SPIR who stated that this information was not readily at hand

and would 'take a lot of time for someone to confirm'. We considered there should be a clear record of SPIRs raised, the amount of funding approved and a breakdown of payments made by the Council against the SPIR to ensure agreed limits are not breached.

- One SPIR related to Network Recovery Plan (NRP) for 2018/19. Whilst payments had not been made against this SPIR at the time of our fieldwork, we did note that page 10 of the document stated that milestone payments will be made quarterly including in June and September 2018; however, the SPIR was not signed off until December 2018;
- One SPIR related to works approved at Local Area Committees in October, November and December 2017. We found the SPIR was not approved until 28 August 2018. We selected three schemes within the SPIR and noted:
 - Village Way (approved at Finchley and Golders Green Area Committee) - in February 2018 it was reported back to the committee that £1,579 had been spent against this scheme, before the SPIR was approved. No other payments had been made.
 - Traffic management at Ellesmere Avenue (approved at Hendon Area Committee) in June 2018, it was reported back to the Area Committee that the work had been completed. The work was completed before the SPIR was signed off. We could not find evidence that payment had been made to Re regarding this work as there was no clear audit trail relating to payments made against individual SPIRs.
 - Speed survey at Rushdene Avenue/Church Hill Road (approved at Chipping Barnet Area Committee in October 2017) the results of the survey were reported back to the committee in 19 February 2018, before the SPIR was formally approved

- Highways 'at risk' monies: During our 2017/18 Community Infrastructure Levy and S106 (Phase II: Income) Audit we identified a pool of monies collected because of S106 agreements which had not been spent and was at risk of 'claw back' by developers. This was calculated to be £689K relating to Highways monies. At the time management confirmed that the highways funds would be spent as a matter of priority through a series of highways SPIRs; however, in this review we noted that the related SPIRs were not formally approved until 12 June 2019. We considered that given the monies were 'at risk' the documentation should have been formally approved sooner, indicating an issue regarding timeliness of SPIR approvals.

- **Quality of SPIRs documents (finding three, high)** – We selected six SPIRs documents to support initiation of Special Projects and inspected them for transparency of costs as well as their quality. We noted the following issues:

- One SPIR related to the Local Infrastructure Plan 2018/19. We noted the SPIR document made reference to appendices which were not included within the document. Three SPIRs documents (Work approved at Area Committees in February and March 2017, Watling Car Park Improvements and Moving Traffic Contraventions (MTC) Phase 3 installation) contained a resource plan which did not break down the amount of hours' work required at each rate to show how the estimated fee cost, £84K across the three SPIRs, was arrived at.
- One SPIR related to Moving Traffic Contraventions (MTC) Phase 3 installation but made reference to Area Committee schemes approved in February and March 2017 which did not appear relevant to the SPIR in question. Additionally, it referenced a total budget of £54K as opposed to the cost of the SPIR (£20K).
- One SPIR related to Network Recovery Plan (NRP) for 2018/19 and stated that a KPI would be included and within the KPI definition there would be an element of service deductions. This would be applicable to underperformance against the Work Plan. We could not find evidence as to the nature of

this KPI nor that it was operating as per the SPIR template. Additionally, the SPIR contained a resource plan for £577K but the value of the SPIR was £543K. We found that the reduction was a commercial agreement between LBB/Re but considered this should have been included within the SPIR template to show transparency of costs.

- One SPIR related to works approved at Local Area Committees in October, November and December 2017 and listed work totalling £82,850. On recalculating the costs as listed in appendices the total costs were £64,850, not £82,850 as per the SPIR document.

- **Timesheet data (finding four, high)** - Re Officers and Managers book hours to timesheets which is later used to support hours worked on Special Projects and demonstrate to the Council costs incurred by Re. We found these were provided to the Council in the form of an excel spreadsheet; however, we noted there was no agreement between LBB or Re to understand the data quality arrangements in place. We considered that Re and LBB should work together for the Council to be granted suitable assurance that the timesheets submitted are accurate and complete.

- **SPIR Invoice Approvals (finding five, high)**

- We noted that there was no clear agreed process regarding Purchase Orders (POs) and payment of invoices relating to SPIRs and a lack of clarity regarding who is responsible for approving invoices, in particular the role of LBB Finance in approving invoices.
- We asked the LBB Finance Team to provide us with a list of invoices which had been raised against one SPIR. We were informed that they do not hold a list of invoices made against each SPIR as individual invoices can cover many SPIRs and there may be more than one PO per SPIR. Through our discussion we were also informed that Council records do not always reconcile with those held by Re.
- Management confirmed that there should be oversight and/or approval by the following teams before the work is goods receipted in Integra and payment released:
 - Senior Responsible Officer; and
 - LBB Finance Team

We noted that there was a lack of clarity regarding the involvement and role of the Commercial/Programmes Team in oversight of invoices prior to payment.

We selected eight invoices relating to SPIRS and asked for evidence that they had been authorised by the Senior Responsible Officer. We found that for:

- For 2/8 (25%) there was no evidence on file at all to confirm the invoice was authorised for payment; and
- For 1/8 (13%) invoices there was no evidence to confirm the Senior Responsible Officer had formally approved the invoice to be paid. We were provided with email evidence that the budget holder had made the finance team aware of the invoice but we considered there should be formal approval on file.

Implementation of previous audit recommendations – focussing on Re management of Conway Aecom

- **Implementation of recommendations (finding six, high):** In relation to the follow-up component of the audit, were we sought to confirm that actions resulting from our Highways Managed Budgets review in March 2016 and Highways Programme audit in March 2017 have been appropriately actioned by management, we found that only 10/16 (62%) of actions had been fully implemented.

Note: Where applicable, findings stemming from our review of the sample of 25 transactions above were transferred to this follow up component of the audit to avoid duplication of effort.

Audit	Actions	Risk rating	Not implemented	Partly implemented	Implemented
2015/16 Highways Managed Budget Review	13*	Medium	1	4	8
2016/17 Highways Programme Audit	3	Medium	0	1	2
Total	16		1	5	10

* To note that in 2016/17 the Internal Audit reporting approach was changed to a points-based system. Under the current approach 13 Medium rated actions would have led to a Limited Assurance rating for this audit, whereas at the time of the report in 2015/16 the audit received a 'Satisfactory' rating.

Note: PwC advisory review of Highways projects - Invoicing and contract management arrangements

In May 2016 the Council commissioned a forensic review of Highways projects which led to a number of recommendations for Council officers in the Commissioning and Commercial teams to take forward, particularly around Timesheet data. This audit has not explicitly followed up to confirm the implementation of these actions but in our view the findings imply that not all of the actions suggested at that time were taken forward.

2. Findings, Recommendations and Action Plan

Ref	Finding	Risks	Risk category	Agreed action
1.	<p><u>Payment process</u></p> <p>We selected a sample of 25 Highways invoices for 2017-18 year and tested to ensure that:</p> <p><u>Purchase order</u></p> <ol style="list-style-type: none"> 1. They were traceable to works agreed by the Environment Committee Highways Planned Maintenance Programme 2017-18 (March 2017) 2. Related purchase orders were approved by the appropriate budget manager in terms of the scheme of delegation, "Re Authorisation level May 2017" and that purchase orders were raised sufficiently in advance of the of the completion of the works as evidenced by the date of the invoice/goods receipt date. <p><u>Invoice certification and calculation</u></p> <ol style="list-style-type: none"> 3. Invoices were certified/approved for payment by the relevant budget manager. Our expectation was that the invoices would be annotated by the relevant budget managers as evidence of approval for payment or that audit trails, such as e-mails, by the budget manager approving good receipting in Integra would be retained in Integra for inspection. 4. Invoice amounts/values matched supporting calculations/ documentation, such as contracts, approved variations/updates to contracts or Bill of Quantity schedules <p><u>Quality checks</u></p> <ol style="list-style-type: none"> 5. Inspections were undertaken to ensure that works were completed and were completed to the appropriate standard. We reviewed for 	<p><i>If invoices are not accurate, valid, or raised in accordance with contractual agreements then payments may be made for unsatisfactory or incomplete work leading to financial loss and failure to meet statutory obligations.</i></p> <p><i>If quality assurance mechanisms are not in place then works may not be performed or performed to the required standard prior to payment.</i></p> <p><i>If the Council makes payments relating to the Highways programme which are not appropriate, valid or supported</i></p>	High	<p>Agreed actions:</p> <ol style="list-style-type: none"> a. Purchase orders for all Highways works will be approved by the appropriate budget manager in line with the prevailing Financial Scheme of Delegation (SoFD). Evidence linking invoices to works approved by Members or related variations will be retained for inspection. b. Works, including variations to works, will be appropriately approved before their commencement in line with available budget. <p>Note: The SoFD for Re is available for referral on the Council's Intranet</p> <p>Note: The Council's Financial Regulations state:</p> <ul style="list-style-type: none"> - "that only authorised officers are allowed to place purchase orders, and that purchase orders are only raised when there is sufficient budget available." - "Once the purchase has been agreed, a purchase order must be raised on the council's accounting system."

Ref	Finding	Risks	Risk category	Agreed action
	<p>evidence of documentation supporting regular site visits (normally site inspection sheets), properly completed documentation supporting completion (normally task completion certificates) and photographs before and after the related works indicating, where reasonably possible, the location of the works to be able to link the photograph to the works, for example street names.</p> <p>Findings were as follows:</p> <p><u>Purchase orders</u></p> <p><u>Environment Committee advance approval of works</u></p> <p>8/25: We were unable to trace the works invoiced directly to the Environment Committee Highways Planned Maintenance Programme 2017-18 (March 2017). Of the 8, 2 transactions related to Access Improvement Schemes allocated to cost centre 41895 which were referred to in reports approved by Members however we could not reconcile values to the amounts approved. Requests to resolve related queries had not been provided at the date of this draft report.</p> <p><u>Approval</u></p> <p>3/25 (12%): The purchase orders were not approved in Integra by the appropriate budget manager.</p> <p><u>Timeliness</u></p> <p>We noted 1/25 (4%) where the purchase order was raised on 5/12/2017 and goods received on 7/12/2017 for footway works valued at £20,236.80 as per the invoice. It is our view that such works could not be completed within 2 days and that the purchase order was therefore raised late, so not raised sufficiently in advance of the completion of the works to demonstrate proper</p>	<p><i>by an effective audit trail then the Council will be unable to demonstrate value for money and payments may be made to which the service provider is not entitled.</i></p>		<p>c. Evidence will be retained to confirm that all works that have been invoiced by Conway Aecom have been completed to the appropriate standard. The type of evidence required to be retained will be documented and communicated to all teams across Re Highways service.</p> <p>Note: Our view is that evidence must include:</p> <ul style="list-style-type: none"> - site inspection sheets showing regular site visit during the course of works, - complete task completion sheets and - before and after photographs which can be linked to the relevant works, for example, by street name. <p>d. Documentation supporting invoice values/amounts will be retained for referral, for example, signed Bill of Quantities or costing schedules related to the works.</p> <p>e. Invoices will be certified for payment by the appropriate budget manager in terms of the SoFD. The certified invoice will be uploaded to Integra. Audit trails evidencing certification of invoice, for example, e-mail trails confirming completion of works and instructing goods receipt, will be</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>assessment of the whether the works were required before their commencement.</p> <p><u>Invoice certification and calculation</u></p> <p><u>Certification</u></p> <p>14/25 (56%): The invoices were not certified for payment by the appropriate budget manager. Of these:</p> <ul style="list-style-type: none"> - 12/14: Invoices were certified by 2 officers, however they were not the relevant budget managers for the applicable cost centre. - 2/14: There was insufficient evidence in Integra and provided to us for review of appropriate certification of the invoice for payment. <p><u>Invoice calculations:</u></p> <p>16/25 (64%): We were not able to reconcile the invoice amounts to supporting calculations or documentation, for example contracts or Bill of Quantity schedules/contracts provided.</p> <p><u>Invoice 220949 Conway Aecom Summers Lane resurfacing</u></p> <p>Our sample included the payment for the above works. Supporting documentation referred to the need for a credit note to be processed in the amount of £95,945.60. We requested evidence of the credit note being processed however this had not been provided at the date of this draft report.</p> <p><u>Quality checks</u></p> <p>20/25 (80%): Complete evidence of quality checks and checks for completion of works were not available for inspection. Of these</p>			<p>retained in the Service by the budget manager.</p> <p>f. Evidence will be provided to confirm that the credit note relating to invoice number 220949 dated 17 October 2018 was processed, as applicable. This is being investigated by Re Management.</p> <p>Responsible officer:</p> <p>Service Director – Highways, Re</p> <p>Then Highways Managers (for implementing actions in their Highways teams)</p> <p>Target date:</p> <p>16 September 2019</p>

Ref	Finding	Risks	Risk category	Agreed action
	<ul style="list-style-type: none"> - For 6/20 (30%), there was no evidence of site inspections / quality checks of works. - For 14/20 (70%), varying evidence of inspection and quality checks were available, so for example some had site inspection sheets and task completion certificates without photographs while some had photographs without site inspection and task completion certificates. <p>Although photographic evidence was provided on occasions, overall it was not possible to link photographs to the works.</p> <p>Network Recovery Programme minutes 28/8/2018 and 26/3/2019 – after the 2017-18 year - provided to us for review confirmed the communication to the relevant Re officers of the requirement to complete inspection sheets for works with before, during and after photographs.</p> <p>Note: Re Management indicated that arrangements have changed since the date of the sample, 2017-18.</p>			
2.	<p>Initiation of Highways Special Projects – Operating Effectiveness</p> <p>a) <u>Schedule 15 of the Joint Venture Contract</u></p> <p>Schedule 15 of the Regional Enterprise joint venture contract (Special Projects Approval Procedure) describes the process to be followed by the Council (the Authority) and Re (the Service Provider) in commencing a special project.</p> <p>Management confirmed that Highways Special Projects are not initiated as per Schedule 15. For example, the contract states that the Council should submit a written request for work to Re who then provide outline proposals (a strategic business case) for Council consideration and approval, at which point Re provide a full business case for final approval to commence the work. In reality, we found a ‘SPIR template’ is completed through negotiation between LBB and Re which is then signed off by the Council. We also found</p>	<p><i>If expectations around the approval of works are not clarified then work may be approved without the necessary oversight for the Council to demonstrate that projects provide best value for money.</i></p>	High	<p>Agreed Actions:</p> <p>a) LBB and Capita will agree written protocols which clarify and explain the Special Project Approval Procedure for Highways.</p> <p>Responsible Officers:</p> <p>Commercial Advisor, LBB</p> <p>Strategic Lead Commissioner – Transport and Highways, LBB</p> <p>Finance Manager, LBB</p> <p>Commercial Manager, Re</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>instances whereby work commenced by Re before the SPIR template has been completed and signed off (see below).</p> <p>Paragraph seven of Section 15 allows the Council/Capita to agree written protocols which explain or clarify the Special Projects Approval Procedure. We considered that the process for approving Highways SPIRs should be reviewed and documented.</p> <p>Management confirmed that SPIRs cover a number of programmes and some act as a mechanism for Re to invoice the Council for work it has done (for example Highways works approved at area committee). We accepted that a one-size fits all approach may not be required but that the process for authorising and oversight of different Highways SPIRs should be clearly documented.</p> <p>b) <u>Completion of Confirmation and Progress of Special Project acceptance checklist</u></p> <p>The final section of the SPIR template contains a table 'Confirmation and Progress of Special Project' which acts as an audit trail to confirm that the draft SPIR has Commissioning Team approval, has been sent to Re and response received and dates of SRO, Commercial, Finance and Performance Management Team sign off. The final step is for the Strategic Director to sign and date the document.</p> <p>We noted that the document template did not require that the name of the SRO, Commercial, Finance or Performance Team member who has approved the SPIR to be included within the form. We also considered the form could be improved by documenting the roles and responsibilities of the different teams with regard to approving the SPIRs work (for example, signing off that the proposed task was additional work and was not included within the core contract).</p> <p>We selected six SPIRs approved since October 2017 and noted the following issues:</p>	<p><i>If S106 monies collected by the Council are not spent in a timely manner then developers may request return of the monies and it will not be spent on infrastructure within the Borough.</i></p>		<p>Service Director – Highways, Re Target date: 16 September 2019</p> <p>b) The Highways SPIR template will be updated to show the requirements of the Special Project Approval Procedure for Highways and ensure that full officer names and dates of approval are included within the documentation. Additionally, roles and responsibilities of team when approving the document will be defined.</p> <p>Responsible Officer: Tim Campbell, Commercial Advisor, LBB Target date: 16 September 2019</p> <p>c) LBB and Re will agree thresholds at which Highways work will not commence until the Special Project has been formally approved by the Council.</p> <p>Responsible Officer: Strategic Lead Commissioner – Transport and Highways, LBB Commercial Advisor, LBB</p>

Ref	Finding	Risks	Risk category	Agreed action
	<ul style="list-style-type: none"> - For 3/6 (50%) SPIR documents contained empty fields which should have been completed by the Commercial Team to record their approval for the draft document to be sent to Re for consideration; - 6/6 (100%) documents had blank fields to confirm that Re had considered the request, given feedback and there was a decision by the Commissioning lead to approve the SPIR upon Re's response; - 5/6 (83%) documents contained blank fields which should have been completed to confirm sign off by the SRO, Commercial, Finance and Performance Management Teams; - 1/6 (17%) document the field for finance approval was blank. The form also had a date when the SRO, Commercial, and Performance Management Teams signed off the SPIR; however, we considered the name of the approver within these teams should also be inserted into the form; - 5/6 (83%) documents contained a picture of the Strategic Director's signature to act as sign off. We considered that, given the amount of funding involved, £1.6m across the 5 SPIRs, a 'wet signature' should be added to the document; and - 1/6 (17%) requests had sign off by the Strategic Director for Environment but there was no date of approval within the document. <p>Management stated that in their view not all sections of the SPIR checklist are necessary. For example, one SPIR document related to Highways works approved at area committee where work is approved at area committee and then later funded by CIL. However, we considered that all sections of the document should be completed so that the Council can assure itself that SPIRs have the necessary scrutiny and oversight.</p>			<p>Finance Manager, LBB Commercial Manager, Re Service Director – Highways, Re Target date: 16 September 2019</p> <p>d) The Council will update the log currently held by the Commercial team to ensure it includes a breakdown of payments made against each Highways SPIR. This will provide a clear log which details:</p> <ul style="list-style-type: none"> - Highways SPIRs in the process of being written; - Highways SPIRs which have been approved; and - A breakdown of payments made against each Highways SPIR. <p>and will be included within the papers presented to the Contract Management Meeting as a standing agenda item so that SPIR progress can be tracked and monitored.</p> <p>Responsible Officer: Commercial Advisor, LBB</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>c) <u>Timeliness of SPIR approvals</u></p> <p>We selected six SPIRs approved since October 2017 and sought evidence to confirm that work had not commenced before the SPIR was approved by the Strategic Director. We noted the following issues:</p> <ul style="list-style-type: none"> - One SPIR related to Moving Traffic Contraventions (MTC) Phase 3 installation. As there was not date within the document to show Strategic Director sign off, we were unable to ascertain whether the SPIR was signed off before a payment of £9,728 on 23 May 2018 was after formal approval of the SPIR; - One SPIR related to Watling Car Park Improvements to support the Colindale office. The SPIR contained a capped budget of £20,000 for both Phase 1 and 2. We asked LBB Finance if any invoices had been paid against this SPIR. They stated that a payment <i>may</i> have been included within Highways related invoices, but that would 'take a lot of time for someone to confirm'. We considered there should be a clear record of SPIRs raised, the amount of funding approved and a breakdown of payments made by the Council against the SPIR to ensure agreed limits are not breached. - One SPIR related to Network Recovery Plan for 2018/19. Whilst we could not find evidence of payments being made against this SPIR at the time of our fieldwork, we did note that page 10 of the document noted that milestone will be paid quarterly including in June and September 2018; however, the SPIR was not signed off until December 2018. - One SPIR related to work approved at Area Committees in February and March 2017. The SPIR was approved in October 2017, before payments had been made, but we found instances where work within the SPIR had already been completed and reported as such with Area Committee papers before the date the SPIR was approved; 			<p>Strategic Lead Commissioner – Transport and Highways, LBB Finance Manager, LBB</p> <p>Target date: 16 September 2019</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>- One SPIR related to works approved at Local Area Committees in October, November and December 2017. We found the SPIR was not approved until 28 August 2018. We selected three schemes within the SPIR and noted:</p> <ul style="list-style-type: none"> o Village Way (approved at Finchley and Golders Green Area Committee) that in February 2018 it was reported back to the committee that £1,579 had been spent against this scheme, before the SPIR was approved. No other payments had been made. o Traffic management at Ellesmere Avenue (approved at Hendon Area Committee). In June 2018, it was reported back to the Area Committee that the work had been complete). The work was completed before the SPIR was signed off. o Speed survey at Rushdene Avenue/Church Hill Road (approved at Chipping Barnet Area Committee in October 2017). The results of the survey were reported back to the committee in 19 February 2018, suggesting that the work was completed before the SPIR was signed off. <p>Management confirmed that the budget and scope of work was agreed by the Area Committees when the sat. Re and Barnet officers would then confirm the decision reached by the Committees and funding allocation the following day to allow work to be programmed pending publication of the formal minutes, which are only agreed at the next committee meeting. This process allows work to start without having to wait for the formal minutes to be approved, which is usually three months later. We accepted this was reasonable but noted that Schedule 15 acts to ensure clarity regarding obligations and was the only documented process detailing how SPIRs are approved to ensure commercial oversight and expectations.</p> <p>Management also informed us that Re proceed with work at their own risk as there is no contractual requirement for LBB to pay for work not approved; however, we considered that the Council is part of the Joint Venture and so</p>			

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	<p>could not absolve itself of this risk and that retrospective SPIRs limit the capacity for LBB to input into the expectations on Re whilst completing their work.</p> <p>We noted that the Programme & Resources Advisor within the Commercial Team hold a tracker which acts of a log of all SPIRs including whether they are in draft stage or approved as well as their value; however, we were informed that the tracker is not shared widely or monitored outside of the Commercial Team to support timely approval of SPIRs and did not log payments made against each SPIR.</p> <p>d) <u>S106 Highways 'at risk' monies</u></p> <p>During our 2017/18 Community Infrastructure Levy and S106 (Phase II: Income) Audit we indented a pool of monies collected as a result of S106 agreements which had not been spent and was at risk of 'claw back' by developers. At that time, we calculated £689K related to Highways.</p> <p>At the time management confirmed that the highways funds would be spent as a matter of priority through a series of Highways SPIRs.</p> <p>In this audit we noted that the related SPIRs had not been formally approved and therefore considered that the monies could still be at risk of claw back.</p> <p>We considered that given the monies were 'at risk' the documentation should have been formally approved sooner, indicating an issue regarding timeliness of SPIR approvals.</p>			

Ref	Finding	Risks	Risk category	Agreed action
3..	<p><u>Quality of SPIRs documents – operating effectiveness</u></p> <p>With the total expenditure on Highways SPIRs being £6.08m in 2017/18 and 2018/19, it is essential that SPIR documentation is of the appropriate quality. It should be of the same high standard required if individual procurement exercises were being undertaken in order to be able to ensure that value for money is being achieved.</p> <p>We selected six completed SPIRs documents and reviewed them to assess the transparency of the costs within them. We noted the following issues.</p> <p><u>HW020 - Moving Traffic Contraventions Phase 3 installation</u></p> <ul style="list-style-type: none"> - The SPIRs document contains a resource plan which lists out resources and DRS rates, however, there is no breakdown of how many hours will be charged against each resource to show how the fee cost estimate of £10,000 was arrived at. - The form made reference to area committee schemes in February and March 2017 with a total budget of £54,000 which did not appear relevant to this programme of work; and - Page two of the document states that Re’s Highways team are to contribute with the 3rd Phase of the Moving Traffic Contraventions (MTC) as set out in appendix 1. The document did not contain appendix 1 and appendices A, B and C referred to schemes agreed at the Council’s area committees in February and March 2017. <p><u>HW025 Area Committee Feb - Mar 17</u></p> <ul style="list-style-type: none"> - The document contains a resource plan which lists out resources and DRS rates, however, there is no breakdown of how many hours will be charged against each resource to show how the fee cost estimate of £27,000 was arrived at. 	<p><i>If documents supporting Highways Special Projects do not clearly document expectations regarding delivery of the project then expectations regarding work to be delivered for payments may not be clear and the Council not able to demonstrate value for money.</i></p>	<p>High</p>	<p>Agreed actions:</p> <p>a) Management will clearly define the responsibility for ensuring that Highways SPIR documents are of high quality, are accurate contain all information required and do not contain references to other SPIRS which are not required</p> <p>Responsible officers:</p> <p>Commercial Advisor, LBB</p> <p>Strategic Lead Commissioner – Transport and Highways, LBB</p> <p>Target date: 16 September 2019</p> <p>b) Highways SPIRs will contain a breakdown of how fees are calculated and whether they are fixed price or to be charged via ‘Time and Materials’, for example, a breakdown of estimated hours against each level of resource and the associated DRS rate where this is appropriate.</p> <p>Responsible officer:</p> <p>Commercial Manager, Re</p> <p>Commercial Advisor, LBB</p> <p>Target date: Implemented (as per Management who confirmed that this</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p><u>HW 037 relates to Watling Car Park Improvements</u></p> <ul style="list-style-type: none"> - The document contains a resource plan which lists out resources and DRS rates, however, there is no breakdown of how many hours will be charged against each resource to show how the fee cost estimate of £20,000 was arrived at. <p><u>HW042 relates to the Local Implementation Plan for 2018/19</u></p> <ul style="list-style-type: none"> - We noted that page 11 states "a draft delivery programme is included in Appendix C." Appendix C states "Add programme here Sara/ Eugenio". It had not been added to the document - Appendix B was also blank (copy of Environment Committee papers for Mar 2018) <p><u>HW044 related to NRP for 2018/19</u></p> <ul style="list-style-type: none"> - Whilst payments had not been made against this SPIR at the time of our fieldwork, we did note that page 10 of the document noted that milestone payments will be made quarterly including in June and September 2018; however, the SPIR was not signed off until December 2018. This suggested that the SPIR was not approved in a timely manner and that potentially payments were made prior to approval. - The SPIR document has a section on KPI/Reporting requirements stating that: <ul style="list-style-type: none"> <i>LBB require Re to propose an additional KPI to monitor performance against the agreed Work Programme in line with the agreed Method Statements.</i> <i>The exact definition will be agreed between Re and LBB's Strategic Lead Commissioner.</i> <i>The KPI will be reported to the Strategic Commissioning Director on the first working day of each month and then</i> 			<p>action has been implemented since the time of our review).</p> <p>c) Management will review any payments made against HW051 (relating to works approved at Local Area Committees in October, November and December 2017) and take appropriate action should payments have been made above agreed at the Area Committees (£64,850)</p> <p>Responsible officer: Strategic Lead Commissioner – Transport and Highways, LBB</p> <p>Target date: 16 September 2019.</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p><i>reported to Partnership Operations Board (POB) as part of the monthly SPIR/CRN update.</i></p> <p><i>LBB seeks to include within this KPI definition an element of Service Deductions which would be applicable to underperformance against the Work Plan, on the basis that Re will place 14.3% of the total agreed value of the SPIR at risk throughout the duration of the SPIR.</i></p> <p>To date we have not been given any information as to the detail behind this KPI, nor that it is acting as a mechanism to monitor performance against the agreed work programme. We noted that the same wording was within the NRP SPIR document for 2017/18.</p> <ul style="list-style-type: none"> - The SPIR value was for fees of £543K; however, the fee proposal within the appendix was for £577K. We were provided evidence that a reduction in costs was offered by Re of £34K; however, the SPIR made no mention of this agreement. <p><u>HW051 related to works approved at Local Area Committees in October, November and December 2017</u></p> <ul style="list-style-type: none"> - On recalculating the costs as listed in appendices A, B and C of the document, the total costs were £64,850, not £82,850 as per the SPIR document; - The Finchley and Golders Green Area Committee total was listed as £51,650 but we calculated the total to be £42,650; - The Hendon Area Committee Total was listed as £33,520 but we calculated it to be £12,500; and - The Chipping Barnet Area Committee Total within the SPIRs document was listed as £8700 which comprised of fees of £4,700 and £5,00) which actually gave a total of £9,000. We noted that £9,000 was the amount approved at the Area Committee 			

Ref	Finding	Risks	Risk category	Agreed action
4.	<p><u>Timesheet data – control design</u></p> <p>We noted that some SPIRs required Re to produce timesheets to the Council to support hours worked on projects whilst others were a flat fee based on delivery of the programme within the SPIR.</p> <p>Re management informed us that when Officers and Managers undertake work on SPIRs their hours are logged which supports Re in evidencing resource costs. Such hours are then approved by the Re Project Manager.</p> <p>For billing purposes, Re’s Commercial Team then extract timesheet data for each code which forms the basis for invoices which are provided to LBB Commissioning as supporting information in the form of an excel spreadsheet which lists the officer working on the project, their rate and the number of hours worked. LBB management confirmed it was difficult for them to assess the timesheet information provided to them.</p> <p>During our audit we asked both LBB and Re Management to confirm arrangements in place to ensure that time sheets submitted by Re were accurate and complete. Both parties confirmed that there were no such arrangements in place. We also noted that the SPIRs document did not always breakdown the anticipated level of resource and estimated hours which would be spent on the special project (see finding 2 above). We considered this would support LBB Management in determining whether actual timesheets reconciled with estimated costs within the SPIRs document.</p> <p>We considered that Re and LBB should work together for the Council to be granted suitable assurance that the timesheets submitted to LBB Commissioners are accurate and complete.</p> <p>We also noted an advisory review of Highways projects in 2016 made a number of recommendations relating to timesheet data quality. For example, it recommended that the Council’s Commercial Team should</p> <ul style="list-style-type: none"> - Engage with Re on the steps they have in place to drive completeness and accuracy in time recording; 	<p><i>If data used to support Re invoices does not meet the Council’s data quality principles then payments may be made based on erroneous timesheets.</i></p>	<p>High</p>	<p>Agreed action:</p> <p>a) The Council will review its arrangements to ensure that Highways SPIRs represent best value for money, for example that there is a clear link between the evidence that will be required to support payments and the evidence to be submitted before payments are released. For example, a clear resource plan within the SPIR document.</p> <p>Responsible officers:</p> <p>Strategic Lead Commissioner – Transport and Highways, LBB Commercial Advisor, LBB</p> <p>Target date: 16 September 2019</p> <p>b) The Council will work with Re to agree the format of timesheet reporting which will allow the Council to review timesheet data. The Council will engage with Re to understand the steps in place to drive completeness and accuracy in time recording, for example, by agreeing a Data Quality Method Statement which will be signed off by Re when they submit timesheets to the Council to support payments and ensures</p>

Ref	Finding	Risks	Risk category	Agreed action
	<ul style="list-style-type: none"> - Engage with Re on the steps they have in place to quality assure their reporting; and - Engage with Re for each Special Project the set of timecodes which will be used for each project to enable improved assurance <p>In our view the findings imply that not all of the actions suggested at that time were taken forward.</p>			<p>that the Strategic Lead Commissioner can review the timesheets.</p> <p>Responsible officer: Commercial Advisor, LBB Strategic Lead Commissioner – Transport and Highways, LBB Commercial Manager, Re</p> <p>Target date: 16 September 2019</p> <p>c) The Council will review the actions within the PWC advisory review of Highways projects - Invoicing and contract management arrangements which was completed in 2016 and ensure that the actions are implemented or are no longer relevant.</p> <p>Responsible officer: Strategic Lead Commissioner – Transport and Highways, LBB Commercial Advisor, LBB</p> <p>Target date: 16 September 2019</p>

Ref	Finding	Risks	Risk category	Agreed action
5.	<p><u>SPIR Invoice Approvals</u></p> <p>a) <u>Approval of invoices – control design</u></p> <p>We noted that there was no clear agreed process regarding processing Purchase Orders (POs) and payment of invoices relating to SPIRs. Over the course of our audit we were informed:</p> <ul style="list-style-type: none"> - More than one PO may be raised for the same SPIR; - Each invoice related to a SPIR could relate to a single SPIR or span several Special Projects; and - We noted there was a lack of clarity regarding who is responsible for approving invoices, in particular the role of LBB Finance and Commercial Teams. <p>Whilst POs are approved on Integra following the Council's Financial Schemes of Delegation, we considered that a process should be in place to clearly articulate roles and responsibilities in approving payments and invoices, especially as involves are not approved within Integra but payment made through goods receipting.</p> <p>We asked the LBB Finance Team to provide us with a list of invoices which had been raised against one SPIR. Whilst we found there was a list of SPIR invoices which had been paid, as invoices may cover more than one SPIRs it would not be possible to provide a list of made against each SPIR. Additionally, there may be more than one PO per SPIR which means it would not be possible to complete a PO query within Integra to find out how many payments had been made against the SPIR. Through our discussions we were also informed that Council records do not always reconcile with those held by Re.</p> <p>We considered a list of SPIRs should be in place to allow for a record of payments made against each SPIR, rather than a list of invoices. This would also support management in ensuring Highways SPIRs are approved in a timely manner.</p>	<p><i>If there is not sufficient oversight and approval of invoices then payments may be made to which the service provider is not entitled.</i></p>	<p>High</p>	<p>Agreed action:</p> <p>a) Management will clearly define the process for approving invoices including documenting the responsible officers for ensuring that Re Invoice 2s are approved for payment and the minimum documentation which will be on file to support the payments.</p> <p>Responsible officer: Strategic Lead Commissioner – Transport and Highways, LBB Commercial Advisor, LBB Finance Manager, LBB</p> <p>Target date: 16 September 2019</p> <p>b) Work will not be goods receipted by LBB Finance before the necessary authorisation is on file as per action (a), Management will clearly define the responsible officers for ensuring that Re Invoice 2s are approved for payment and the minimum documentation which will be on file to support the payments</p> <p>Responsible officer: Finance Manager, LBB Commercial Advisor, LBB</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>Management confirmed that there should then be oversight and/or approval by the following teams before the payment is goods receipted in Integra and payment released:</p> <ul style="list-style-type: none"> - Senior Responsible Officer (LBB); and - LBB Finance Team <p>We noted that this process was not documented and therefore considered that the process should be reviewed and expectations regarding authorisation of payments should be clearly defined. We noted a lack of clarity regarding the involvement and role of the Commercial/Programmes Team in oversight of invoices prior to payment. We also noted that the Budget Holder for LIP is the Senior Finance Manager and during discussions with management it was confirmed that the responsibility for authorising payments rests with the Strategic Lead Commissioner. We noted that roles should be clarified accordingly.</p> <p>b) <u>Approval of invoices – operating effectiveness</u></p> <p>We selected eight highways SPIRs invoices relating to SPIRSs from 2016/17 and 2017/18 and asked for evidence that they had been authorised by the the Budget Holder.</p> <p>We found that for:</p> <ul style="list-style-type: none"> - For 1/8 (13 %) invoices there was no evidence to confirm the Senior Responsible Officer had formally approved the invoice to be paid. We were provided with email evidence that the budget holder had made the finance team aware of the invoice but we considered there should be formal approval on file; and - For 2/8 (25 %) there was no evidence on file at all to confirm the invoice was authorised for payment by the any of the parties 			<p>Strategic Lead Commissioner – Transport and Highways, LBB</p> <p>Target date: 16 September 2019</p>

Ref	Finding	Risks	Risk category	Agreed action
6.	<p><u>Implementation of recommendations</u></p> <p>The follow-up of the implementation of actions resulting from our Highways Managed Budgets review in March 2016 and Highways Programme audit in March 2017 have been reported in Appendix 5.</p>	<p><i>If recommendations from previous reviews are not implemented within required timescales then known issues may not be addressed, preventing the Council's continuous improvement and leading to resident dissatisfaction and reputational damage.</i></p>	<p>High</p>	<p>From 2019-20, processes will be implemented to address the further actions in Appendix 5</p> <p>Responsible officer: Service Director – Highways, Re</p> <p>Then Highways Managers (for implementing actions in their Highways teams)</p> <p>Target date: 16 September 2019</p>

ADVISORY FINDINGS

REF	FINDING	RECOMMENDATION
1	<p><u>One-off payment purportedly relating to the London Highways Alliance Contract (LOHAC)</u></p> <p>During our review we found one payment that appeared to relate to Highways expenditure which was for £367K, and was one of two invoices with a total of £500K. This was entitled 'Procurement Savings LOHAC to Dec '15'.</p> <p>We noted that the payment related to a contractual issue regarding the Alternative Delivery Model for Education and Skills rather than a Highways payment and therefore was outside the scope of our audit.</p> <p>However, as part of the initial review we were provided with a 'Final Change Request' document which had not been fully completed by the Council (sections 3 to 7) as expected.</p> <p>We were provided with other evidence that the payment has been authorised and been discussed with the relevant parties at the Council; however, we considered the Change Request document should have been completed in full to ensure there was a full audit trail of approvals within the document.</p>	<p>Management will ensure that all sections of Change Request documents have been fully completed and that a signed copy is held on file for referral in the event of query.</p>

Appendix 1: Definition of risk categories and assurance levels in the Executive Summary

Note: the criteria should be treated as examples, not an exhaustive list. There may be other considerations based on context and auditor judgement.

Risk rating	
Critical 	<p>Immediate and significant action required. A finding that could cause:</p> <ul style="list-style-type: none"> • Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance (eg mass strike actions); or • Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny (i.e. front-page headlines, TV). Possible criminal or high profile civil action against the Council, members or officers; or • Cessation of core activities, strategies not consistent with government's agenda, trends show service is degraded. Failure of major projects, elected Members & Senior Directors are required to intervene; or • Major financial loss, significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council. Critical breach in laws and regulations that could result in material fines or consequences.
High 	<p>Action required promptly and to commence as soon as practicable where significant changes are necessary. A finding that could cause:</p> <ul style="list-style-type: none"> • Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff; or • Significant impact on the reputation or brand of the organisation. Scrutiny required by external agencies, inspectorates, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion; or • Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome medium-term difficulties; or • High financial loss, significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.
Medium 	<p>A finding that could cause:</p> <ul style="list-style-type: none"> • Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff; or • Moderate impact on the reputation or brand of the organisation. Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage; or • Significant short-term disruption of non-core activities. Standing orders occasionally not complied with, or services do not fully meet needs. Service action will be required; or • Medium financial loss, small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences.
Low 	<p>A finding that could cause:</p> <ul style="list-style-type: none"> • Minor injuries or stress with no workdays lost or minimal medical treatment, no impact on staff morale; or • Minor impact on the reputation of the organisation; or • Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule; or • Handled within normal day to day routines; or • Minimal financial loss, minimal effect on project budget/cost.
Level of assurance	
Substantial 	<p>There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.</p>
Reasonable 	<p>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.</p>
Limited 	<p>There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.</p>
No 	<p>There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.</p>

Appendix 2 – Analysis of findings

Area	Critical		High		Medium		Low		Advisory		Total
	D	OE	D	OE	D	OE	D	OE	D	OE	
Payment Process	-		-	1	-	-	-	-	-	-	1
Highways Programme Expenditure	-	-	4		-	-	-	-	-	1	5
Implementation of Recommendations	-	-	-	1	-	-	-	-	-	-	1
Total	-	-	6		-	-	-	-	-	1	7

**Includes two findings relating to control design and operating effectiveness*

Key:

- Control Design Issue (D) – There is no control in place or the design of the control in place is not sufficient to mitigate the potential risks in this area.
- Operating Effectiveness Issue (OE) – Control design is adequate; however, the control is not operating as intended resulting in potential risks arising in this area.

Timetable					
Terms of reference agreed: Date: 11 December 2017	Fieldwork commenced: Date: 16 January 2018	Fieldwork completed: Date: 29 May 2019	Draft report issued: Date: 21 June May 2019	Management comments received: Date: 4 July 2019 16 July 2019 (Council review and updates made). 23 July 2019 (Re)	Final report issued: 8 August 2019

Appendix 3 – Identified controls

Area	Objective	Risks	Identified Controls
<p>Payment process</p>	<p>Payments made to Conway Aecom are in line with contractual arrangements and only made for works, supplies and services that are completed to an acceptable standard.</p>	<p><i>If invoices are not accurate, valid, or raised in accordance with contractual agreements then payments may be made for unsatisfactory or incomplete work leading to financial loss and failure to meet statutory obligations.</i></p> <p><i>If quality assurance mechanisms are not in place then works may not be performed or performed to the required standard prior to payment.</i></p>	<p>The approval of purchase orders in line with the prevailing SoFD</p> <p>Quality checks/site inspections are undertaken to ensure the completion of works to standard</p> <p>Invoices are certified to ensure that they are only approved for payment once budget managers are satisfied as to appropriate completion and agreed value/amount.</p> <p>Note: Controls above were noted however not consistently operating across the Highways teams</p> <p>See finding 1</p>
<p>Highways Programme Expenditure</p>	<p>Expenditure in relation to the Highways Programme, including relating to Special Project Initiation Requests (SPIRs) is supported by a full audit trail and allows for the calculation of all</p>	<p><i>If the Council makes payments relating to the Highways programme which are not appropriate, valid or supported by an effective audit trail then the Council will be unable to demonstrate</i></p>	<p>Schedule 15 of JV contract lays out the process for approving Special Projects.</p> <p><u>Note:</u> paragraph 7 states that 'the parties may agree written protocols with express reference to this Schedule which should explain or clarify any aspects of this Special Projects Approval Procedure and such protocols shall be read as if incorporated into this Schedule (including accelerated procedures with reduced requirements to Special Projects of relatively low values).</p> <p><u>Operating Effectiveness Noted</u></p> <p>Management confirmed that the Special Project Approval Procedure was not followed in its entirety for Highways SPIRs. For example, area committees approve Member proposals and work proceeds on this basis. A SPIR template is later completed and approved by the Commissioning Team.</p>

	<p>costs incurred including, where applicable, timesheet data.</p>	<p><i>value for money and payments may be made to which the service provider is not entitled.</i></p>	<p>See Finding 2</p> <p>A Special Project Initiation Request (SPIR) Template in completed by LBB Commissioning and Regional Enterprise</p> <p>The template has a section headed '<i>Confirmation of Receipt and Progress of Special Project</i>' which acts to document the approval process of the SPIR, including:</p> <ul style="list-style-type: none"> - LBB Commercial approving the draft document - Re reviewing and responding to the request; - The decision of the Commissioning Lead where to approve or reject the SPIR; and - Sign off and approval by the Senior Responsible Officer, Commercial, Finance, Performance Management and Commissioning Lead. <p><u>Control Design</u></p> <p>We noted that there was no requirement for the name of the individual approving the document to be included on the form, just the date of approval.</p> <p><u>Operating Effectiveness Issues Noted:</u></p> <p>We selected six SPIRs approved since October 2017 and noted the following issues:</p> <ul style="list-style-type: none"> - For 3/6 (50%) SPIR documents contained empty fields which should have been completed by the Commercial Team to record their approval for the draft document to be sent to Re for consideration; - 6/6 (100%) document has blank fields to confirm that Re had considered the request, given feedback and there was a decision by the Commissioning lead to approve the SPIR upon Re's response; - 5/6 (83%) documents contained blank fields which should have been completed to confirm sign off by the SRO, Commercial, Finance and Performance Management Teams; - 1/6 (17%) document had a date when the by the SRO, Commercial, and Performance Management Teams signed off the SPIR; however, we considered the name of the approver within these teams should also be inserted into the form. The field for finance approval was blank; - 5/6 (83%) documents contained a picture of the Strategic Director's signature to act as sign off. We considered that, given the amount of funding involved in these SPIRs, a 'wet signature' should be added to the document; and
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- 1/6 (17%) requests had sign off by the Strategic Director for Environment but there was no date of approval within the document.

We read through six completed SPIRs documents and found the following improvements could be made to provide better transparency over costs:

- **HW020** related to Moving Traffic Contraventions (MTC) Phase 3 installation
 - o The document contains a resource plan which lists out resources and DRS rates, however, there is no breakdown of how any hours will be charges against each resource to show how the fee cost estimate of £10,000 was arrived at. Additionally, the form made reference to area committees schemes in February and March 2017 and a total budget of £54,000 which did not appear relevant to this SPIR.
 - o Page two of the document states that Re's Highways team are to contribute with the 3rd Phase of the Moving Traffic Contraventions (MTC) as set out in appendix 1. The document did not contain appendix 1 and appendices A, B and C referred to schemes agreed at the Council's area committees in February and March 2017.
- **HW025** related to works approved by Area Committees in February and March 2017.
 - o The document contains a resource plan which lists out resources and DRS rates, however, there is no breakdown of how any hours will be charges against each resource to show how the fee cost estimate of £27,000 was arrived at.
- **HW 037** relates to improvements to Watling Car Park Improvements to support the Colindale Office.
 - o The document contains a resource plan which lists out resources and DRS rates, however, there is no breakdown of how any hours will be charged against each resource to show how the fee cost estimate of £20,000 was arrived at.
- **HW044** relates to NRP for 2018/19.
 - o Whilst we could not find evidence of payments being made against this SPIR at the time of our fieldwork, we did note that page 10 of the document noted that milestone will be paid quarterly including in June and September 2018; however, the SPIR was not signed off until December 2018.
 - o The SPIR document has a section on KPI/Reporting requirements stating that:
 - *LBB require Re to propose an additional KPI to monitor performance against the agreed Work Programme in line with the agreed Method Statements.*
 - *The exact definition will be agreed between Re and LBB's Strategic Lead Commissioner*

- *The KPI will be reported to the Strategic Commissioning Director on the first working day of each month and then reported to POB as part of the monthly SPIR/CRN update*
- *LBB seeks to include within this KPI definition an element of Service Deductions which would be applicable to underperformance against the Work Plan, on the basis that Re will place 14.3% of the total agreed value of the SPIR at risk throughout the duration of the SPIR.*

To date we have not been given any information as to the detail behind this KPI, nor that it is acting as a mechanism to monitor performance against the agreed work programme. We noted that the same wording was within the NRP SPIR document for 2017/18.

- The SPIR value was for fees of 543K; however, the fee proposal within the appendix was for £577K. Management later confirmed this was due to an agreement between Re and LBB to reduce the NRP costs to compensate LBB due to costs incurred due to a Re Officers miscommunication. We considered this should have been made explicit within the SPIR document.
- **HW042** relates to the Local Infrastructure Plan for 2018/19
 - We noted that the main body of the document stated: “*a draft programme of delivery is included in Appendix C.*” Appendix C of the document was blank.
- **HW051** relates to works approved at Local Area Committees in October, November and December 2017 and listed work totalling £82,850. We noted:
 - On recalculating the costs as listed in appendices A, B and C of the document, the total costs were £64,850, not £82,850 as per the SPIR document.
 - The Finchley and Golders Green Area Committee total was listed as £51,650 but we calculated the total to be £42650
 - The Hendon Area Committee Total was listed as £33,520 but we calculated it to be £12,500
 - The Chipping Parent Area Committee Total within the SPIRS document was listed as £8700 which comprised of fees of £4,700 and £5,00) which actually gave a total of £9,000. We noted that £9,000 was the amount approved at the Area Committee

We also inspected a spreadsheet held by the Finance Manager, LBB to confirm that payments had not been made to Re before the SPIR had been formally approved by the Strategic Commissioning Lead: We noted the following issues:

- **HW025** related to works approved by Area Committees in February and March 2017. The SPIR document was approved in October 2017, before any payments had been made but we found instances where work within the SPIR had already been completed and reported as such with Area Committee papers. For example, the SPIR contained a feasibility study into a zebra

crossing on Langstone Way which was reported back to the Hendon Area Committee on 24 July 2017.

- **HW020** related to Moving Traffic Contraventions (MTC) Phase 3 installation. As there was not date within the document to show Strategic Director sign off, we were unable to ascertain whether the SPIR was signed off before a payment of £9,728 on 23 May 2018 was after formal approval of the SPIR.
- **HW037** relates to improvements to Watling Car Park Improvements to support the Colindale Office. The SPIR contained a capped budget of £20,000 for both Phase 1 and 2. A payment of £35,283 was made on 6 August 2018, after the SPIR was approved in January 2018; however, we noted the amount was more than the SPIR value of £10K.
- **HW044** relates to NRP for 2018/19. Whilst we could not find evidence of payments being made against this SPIR at the time of our fieldwork, we did note that page 10 of the document noted that milestone will be paid quarterly including in June and September 2018; however, the SPIR was not signed off until December 2018.
- **HW042** relates to the Local Infrastructure Plan for 2018/19. We noted that on 14 November 2018 a payment of £467,500 was made against this SPIR, after the date the document was signed off by the Strategic Commissioning Lead (18 December 2018). This is before the date the SPIR was approved.
- **HW051** relates to works approved at Local Area Committees in October, November and December 2017. We found the SPIR was not approved until 28 August 2018. We selected three schemes within the SPIR and noted:
 - o Village Way (approved at Finchley and Golders Green Area Committee) that in February 2018 it was reported back to the committee that £1,579 had been spent against this scheme, before the SPIR was approved. No other payments had been made.
 - o Traffic management at Ellesmere Avenue (approved at Hendon Area Committee in December 2018). In June 2018, it was reported back to the Area Committee that the work had been complete). The work was completed before the SPIR was signed off. We could not find evidence that payment had been made to Re regarding this work.
 - o Speed survey at Rushdene Avenue/Church Hill Road (approved at Chipping Barnet Area Committee in October 2017). The results of the survey were reported back to the committee in 19 February 2018, suggesting that the work was completed before the SPIR was signed off.

See Finding 3

			<p>Re and Officers and Managers log hours they have worked on SPIRs to which supports Re in evidencing resource costs to the Council.</p> <p><u>Control Design Issue Noted:</u> During our audit we asked both LBB and Re Management to confirm arrangements in place to ensure that time sheets submitted by Re were accurate and complete. Both parties confirmed that there were no such arrangements in place.</p> <p>See Finding 4</p>
			<p>An invoice will be raised by the service provider when the work has been completed (as per information within the SPIR). We were informed the invoice should be approved by the following people before payment is raised:</p> <p><u>Control Design Issue Noted:</u> We noted that there was no clear agreed process regarding processing Purchase Orders (POs) and payment of invoices relating to SPIRs. Over the course of our audit we were informed:</p> <ul style="list-style-type: none"> - More than one PO may be raised for the same SPIR; - Each invoice related to a SPIR could relate to a single SPIR or span several Special Projects; and - We noted there was a lack of clarity regarding who is responsible for approving invoices, in particular the role of LBB Finance and Commercial Teams. <p>We found that there was no written formal procedure regarding who should be responsible for authorising Highways SPIRs payments and who should be informed.</p> <p>Our expectation is that the following team should have a role in oversight and/or approval of the payments:</p> <ul style="list-style-type: none"> - Senior Responsible Officer; and - Finance Team <p><u>Operating Effectiveness Issues Noted:</u> We tested eight Highways SPIRs payments via Invoice 2 made and noted the following issues:</p>

			<ul style="list-style-type: none"> - For 1/8 (13 %) invoices there was no evidence to confirm the Senior Responsible Officer had formally approved the invoice to be paid. We were provided with email evidence that the budget holder had made the finance team aware of the invoice but we considered there should be formal approval on file; and - For 2/8 (25 %) there was no evidence on file at all to confirm the invoice was authorised for payment by the any of the parties. <p>See Finding 5</p>
<p>Implementation of recommendations</p>	<p>Recommendations resulting from our Highways Managed Budgets review in March 2016 and Highways Programme audit in March 2017 have been appropriately actioned by management (see appendix 1)</p>	<p><i>If recommendations from previous reviews are not implemented within required timescales then known issues may not be addressed, preventing the Council's continuous improvement and leading to resident dissatisfaction and reputational damage.</i></p>	<p>Refer to Appendix 5 below as reported in the Internal Audit Assessment column.</p>

Appendix 4 – Internal Audit roles and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Highways Programme Expenditure, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our findings regarding the Highways payments process and implementation of recommendations previously raised by Internal Audit will be reported separately.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Appendix 5 – Previously raised recommendations

As part of our review we sought to verify that the 'medium' risk rated recommendations raised as part of our 2015-16 Highways Managed Budgets audit and 2016/17 Highways Programme audit have been implemented.

Summary of findings

Audit	Actions	Risk rating	Not implemented	Partly implemented	Implemented
2015/16 Highways Managed Budget Review	13	Medium	1	4	8
2016/17 Highways Programme Audit	3	Medium	0	1	2
Total	16		1	5	10

Detailed findings

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
1	<p>2015/16 Highways Managed Budget Review Recommendation 1: Documented Procedures</p> <p>We assessed whether there were clear definitions of how the budgets for cost centres 10619 (Drainage Works) and 10635 (Roads Structural Planned) could be spent.</p> <p>Our expectation was that definitions on the use of the budget would be documented and communicated to all the relevant Council and Re officers, in order to support the monthly budget monitoring process so that</p>	<p>Definitions of how the budget for cost centres 10619 and 10635 may be used should be formally documented and communicated to the relevant Re and Council officers. Allocations to these cost centres should be challenged by budget holders as</p>	Medium	<p>Action: <u>Gully works and Structural works</u> Agreed. To prepare a summary of what budgets for cost centres 10619 and 10635 should be spent on. All other managed budgets Agreed</p>	<p>Implemented</p> <p>Documented procedures defining the expenditure that may be allocated to managed budget cost centres, including CC10619, CC10635 and CC10890 had been developed.</p>

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019								
	<p>allocations of items of expenditure to these cost centres could be properly challenged.</p> <p>Re Officers interviewed were clear on the use of the budget for cost codes 10619 and 10635 however they were not able to provide formally documented definitions as to how these budgets could be used to support challenge by officers in the <u>Council</u> responsible for these budget codes.</p> <p>Within our sample of 19 invoices we also noted instances of miscoding as follows:</p> <ul style="list-style-type: none"> - An amount of £20,913 paid to supplier J C Decaux Uk Ltd, a company providing Highways advertising boards & public conveniences, was allocated to cost centre 10619 in 2015-16. The Re responsible officer confirmed that this was a miscoding and an inspection of the invoice confirmed it was for rental of public conveniences unrelated to works typical for <u>cost centre 10619</u> being gully cleansing, iron works, gully replacements, ditch clearances and the clearance of river trash screens. - The responsible officer confirmed that the following item was incorrectly allocated to <u>cost centre 10635</u> being for bridge inspections, bridge maintenance and the application of road signs, markings and road width restrictions. <table border="1" data-bbox="183 1190 817 1377"> <thead> <tr> <th data-bbox="183 1190 383 1267">Invoice no. and value</th> <th data-bbox="383 1190 490 1267">Year</th> <th data-bbox="490 1190 629 1267">Supplier</th> <th data-bbox="629 1190 817 1267">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="183 1267 383 1377">0010009769 £54,088.11</td> <td data-bbox="383 1267 490 1377">14-15</td> <td data-bbox="490 1267 629 1377">Conway Aecom Ltd</td> <td data-bbox="629 1267 817 1377">Planned resurfacing works</td> </tr> </tbody> </table>	Invoice no. and value	Year	Supplier	Description	0010009769 £54,088.11	14-15	Conway Aecom Ltd	Planned resurfacing works	<p>part of the monthly budget monitoring process.</p> <p>Note: The exercise should also be completed for all other managed budgets.</p>		<p>Responsible officer: Asset Project and Contracts Manager, Highways Network Management</p> <p>Target date: 1 July 2016</p>	
Invoice no. and value	Year	Supplier	Description										
0010009769 £54,088.11	14-15	Conway Aecom Ltd	Planned resurfacing works										
2	2015/16 Highways Managed Budget Review		Medium	Action:	Partly implemented								

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
	<p>Recommendation 2 Gully programme</p> <p>We tested for the existence of an up to date gully programme covering the borough's gullies, including vulnerable gullies.</p> <p>The expectation was that plans would include a clear timeline for the clearing of all borough gullies prioritising clearly defined vulnerable gullies, gullies which if blocked could lead to the accelerated accumulation of water and therefore flooding, for example gullies located at the bottom of a hill. Specifically, we expected that gullies impacting the Council's Surface Water Management Plan (SWMP), a plan developed to optimise surface water drainage and reduce flooding in an area, would <u>also</u> be identified and prioritised.</p> <p>A gully plan was provided by Re listing all the borough's gullies at 1 April 2014, the start of the contract with the incumbent gully cleansing contractor, Conway Aecom, with clear timelines for the systematic clearance of all gullies. Vulnerable gullies were also specified and all vulnerable gullies were required to be cleared quarterly.</p> <p>However, at the time of the audit there was no clear definition of the specific gullies impacting the Council's surface water management plan compromising the ability to monitor and challenge related delivery effectively.</p> <p>We were also informed by Council Management that they did not have a copy of the gully plan called the Barnet Gully Schedule for referral and challenge where necessary.</p>	<p>Gullies which are contained within the Council's surface water management plan should be identified and documented by Re for monitoring purposes.</p> <p>Note: The recommendation supports the Service Level definition of the Highways Network Management Output Specification (HNM061) of the published RE/Council joint venture contract to "take appropriate actions to safeguard the highway and properties from flooding" linked to the "delivery of documents to address the flood risk" including the "SWMP".</p> <p>The gully plan should be shared with all relevant officers of the Council for monitoring purposes for their referral, scrutiny and challenge where necessary.</p>		<p>Gully works</p> <p>a. Agreed. The Barnet Gully Schedule or programmed plan of gully works will be communicated to the Council Strategic Lead</p> <p>b. The Barnet Gully Schedule plan will "overlay" the 33 Critical Drainage Areas (CDAs) identified in the Council's Surface Water Management Plan, potentially supported by GIS data held by the gully cleaning contractor on their "Trimbal" system, a comprehensive gully inventory database. This requires the availability of GIS based Gully management software system.</p> <p>Responsible officer: Senior Engineer, Highways Drainage</p> <p>Target date: 1 July 2016</p>	<p>a. Client-side monitoring (implemented)</p> <p>The Highways May 2019/2020 Performance Report used by the Council for monitoring Highways delivery reported gully cleansing activity by Re. Re Management indicated that underlying supporting documentation, for example the programme of gully works for the year, could be provided on request to the Council.</p> <p>b. Critical Drainage Areas CDA (partly implemented)</p> <p>The Highways May 2019/2020 Performance Report May 2019 provided to us for review by the Council reported on the Flood Management Strategy which referred to the 33 CDA relevant to Barnet.</p> <p>The Barnet Gully Schedule Plan (BGSP) <u>provided to us did list vulnerable gullies</u> however we had not been provided with evidence linking the BGSP and the CDAs as required by the action.</p> <p>Further Action: Implement action as agreed in the 2015-16 Audit Report</p> <p>Responsible Officer: Operations Manager (Highways)</p> <p>Target date: 16 September 2019</p>
3	<p>Note for information</p> <p><u>Completeness of Re gully database</u></p>			<p>Structural works</p> <p>Agreed. Pro-active maintenance plans for cost centre 10635 will</p>	<p>Implemented</p> <p>The KPI 1.9 – Non-compliance with Cyclic Bridge Maintenance Programme for 2018-19 (April 2018 –</p>

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
	<p>We were unable to comment on the completeness of the gully listing provided by Re. We were informed by the Re responsible officer that contractor crews may identify and plot new gullies during their rounds which are captured on the contractor's GIS geographic information system. That system is not compatible with related Re/Council databases. The Council/Re database provided to us reflected the gully position at 1 April 2014, the start of the contract with Conway AECOM for drainage maintenance. This necessarily means that Re/Council database are currently out of date relative to the contractor's system. We understand that the issue is being addressed as part of the monitoring of the contract and that Re is leading on a process to map all gully information on the contractor's system.</p>			<p>be made available to the Council Strategic Lead for referral to support monitoring processes.</p> <p>Responsible officer: Asset Project and Contracts Manager Highways Network Management</p> <p>Target date: 1 July 2016</p>	<p>March 2019) was provided to us for review. The outturn reflected 100% achievement.</p> <p>The Highways May 2019/2020 Performance Report used by the Council to monitor Highways delivery reported extensively on the Network Recovery Programme which we confirmed covered bridge related works.</p> <p>Re Management indicated that underlying supporting documentation could be provided on request,</p>
4				<p><u>Other managed budgets</u></p> <p>Agreed. Pro-active maintenance plans for other managed budgets, where applicable, will be made available to the relevant monitoring officers in the Council for referral to support monitoring processes.</p> <p>Responsible officer: Relevant Re officer(s)</p> <p>Target date: 1 July 2016</p>	<p>Implemented</p> <p>We reviewed the Highways May 2019/2020 Performance Report provided to us the Council for reporting activity relevant to the managed costs centres below, excluding 10619 and 10635:</p>

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019																														
					<table border="1" data-bbox="1590 231 1948 885"> <thead> <tr> <th data-bbox="1590 231 1691 406">Cost Centre</th> <th data-bbox="1691 231 1948 406">Cost Centre Description</th> </tr> </thead> <tbody> <tr><td>106.19</td><td>Drainage(GullyClnsg</td></tr> <tr><td>106.28</td><td>Public Conveniences</td></tr> <tr><td>106.31</td><td>N.R.S.W.A.</td></tr> <tr><td>106.32</td><td>PrivWrks Reinstatmt</td></tr> <tr><td>106.33</td><td>Rech works other</td></tr> <tr><td>106.35</td><td>Road Structl Planned</td></tr> <tr><td>106.48</td><td>Parking Design</td></tr> <tr><td>107.63</td><td>ES Mgt</td></tr> <tr><td>108.90</td><td>Road Structl Respons</td></tr> <tr><td>110.97</td><td>Rech workcross over</td></tr> <tr><td>116.58</td><td>Highway SPIRS</td></tr> <tr><td>106.50</td><td>Structural&BridgesMaintenance</td></tr> <tr><td>106.26</td><td>Damage to Public HighWays</td></tr> <tr><td>108.21</td><td>Food Safety</td></tr> </tbody> </table> <p data-bbox="1579 933 2195 1085">The Highways May 2019/2020 Performance Report reported NRSWA, parking design related matters, SPIRS, damage to highways and Environmental Health matters which in our view covered activity relevant to the above cost centres.</p> <p data-bbox="1579 1093 2195 1189">Re Management indicated that underlying supporting documentation, could be provided on request to the Council.</p>	Cost Centre	Cost Centre Description	106.19	Drainage(GullyClnsg	106.28	Public Conveniences	106.31	N.R.S.W.A.	106.32	PrivWrks Reinstatmt	106.33	Rech works other	106.35	Road Structl Planned	106.48	Parking Design	107.63	ES Mgt	108.90	Road Structl Respons	110.97	Rech workcross over	116.58	Highway SPIRS	106.50	Structural&BridgesMaintenance	106.26	Damage to Public HighWays	108.21	Food Safety
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5	<p data-bbox="179 1244 739 1316">2015/16 Highways Managed Budget Review Recommendation 3 Quality/sample checks</p> <p data-bbox="179 1332 817 1388">We tested for evidence of quality checks by Re of the works undertaken by the contractor appointed to</p>	<p data-bbox="840 1236 1097 1420">Quality checks by Re of the contractor works should include a focus on agreed priority areas of contract delivery, in</p>	Medium	<p data-bbox="1276 1244 1433 1316">Action: Gully works</p> <p data-bbox="1276 1332 1556 1444">Agreed. Cyclical sample checks will focus on vulnerable gullies. As the</p>	<p data-bbox="1579 1244 1803 1276">Not implemented</p> <p data-bbox="1579 1324 2195 1412">While evidence of quality checks undertaken by Re of gullies cleared by the contractor as part of the Gully Cleansing Programme was provided, we were</p>																														

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
	<p>undertake gully cleaning and gully works to ensure that works were delivered to the agreed standard.</p> <p>For cost centre 10619, our expectation was that evidence of checks undertaken by Re of the gully cleansing contractor's work/delivery, in line with the contract, would be retained for referral. We also expected quality checks undertaken by Re to cover the more risky vulnerable gullies for example those gullies located at the bottom of the hill which if blocked exposed the borough to a higher risk of flooding.</p> <p><u>Cost centre 10619</u></p> <p>Evidence of quality checks by Re in line with the stated service level agreement (SLA) were provided to audit. We tested whether the sample included vulnerable gullies and found that the sample checks undertaken by Re for April to June 2015 did not include a check of vulnerable gullies in line with our expectations. The responsible officer indicated that generally sample checks might include vulnerable gullies but that there was no instruction to specifically focus on them in the sample check.</p> <p>Vulnerable gullies are programmed to be cleared each quarter and generally we would expect sample checks to focus on vulnerable or high-risk areas of delivery.</p> <p><u>Cost centre 10635</u></p> <p>Evidence of inspection of cyclical maintenance of bridges in 2015 was provided by Re.</p> <p>However, evidence of sample/quality checks undertaken for specific works by the responsible officer at the time, who no longer works at the Council, was still outstanding at the date of this report. We are therefore unable to provide any assurance over the extent of sample checks done over the whole period from 1 April 2014, the start of the current contract.</p>	<p>this instance vulnerable gullies.</p> <p>Evidence of vulnerable gullies subject to such quality check should be retained for referral and reporting.</p> <p>Evidence of sample/quality checks undertaken for all works, in this instance those relating to cost centre 10635, should be retained for referral where necessary and saved in a manner which enables efficient retrieval.</p> <p>Note: The exercise should also be completed for all other managed budgets.</p>		<p>scheduled cleaning of vulnerable gullies is on a frequency of 4 times per year, at other times, sample checks will remain on "cell work". Evidence of checks will be retained.</p> <p>Responsible officer: Senior Engineer, Highways Drainage Target date: 1 July 2016</p>	<p>not provided evidence of the quality checks of vulnerable gullies, specifically.</p> <p>Further Action:</p> <p>As agreed in the 2015/16 Highways Managed Budget Review</p> <p>Responsible Officer: Operations Manager (Highways) Target date: 16 September 2019</p>
6	<p>Vulnerable gullies are programmed to be cleared each quarter and generally we would expect sample checks to focus on vulnerable or high-risk areas of delivery.</p> <p><u>Cost centre 10635</u></p> <p>Evidence of inspection of cyclical maintenance of bridges in 2015 was provided by Re.</p> <p>However, evidence of sample/quality checks undertaken for specific works by the responsible officer at the time, who no longer works at the Council, was still outstanding at the date of this report. We are therefore unable to provide any assurance over the extent of sample checks done over the whole period from 1 April 2014, the start of the current contract.</p>	<p>Note: The exercise should also be completed for all other managed budgets.</p>		<p>Action:</p> <p>Structural Works</p> <p>Agreed. Evidence of quality inspection of related works will be retained for referral.</p> <p>Generally, these will be certificates signed off by officers who are Chartered Engineers confirming the quality of works done</p> <p>Responsible officer:</p> <p>Asset Project and Contracts Manager</p> <p>Highways Network Management</p> <p>Target date:</p> <p>1 July 2016</p>	<p>Partly implemented</p> <p>We tested a sample of 25 invoices as part of objective 1 of the Terms of Reference, "Payments Process". As part of the testing, we reviewed evidence of inspections / quality checks during the works and on their completion to obtain assurance that related invoices were only paid for works completed to the appropriate standard.</p> <p>One transaction in the sample included cost centre 10619 the managed budget for Drainage and Gully Cleansing. Evidence of quality checking processes by Re were provided for our review. The remaining 24 transactions related to capital cost centres and not managed budgets. We therefore cannot provide any assurance on the inspection and quality checking processes relating to works associated with the managed budgets other than 10619, so CC10635 for the purposes of this action.</p> <p>We are however able to give an overall view of inspection and quality checking processes based on our testing of 25 invoices referred to above. For the</p>

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
					<p>proof of quality checks/inspections of works for 25 transactions tested we reviewed for evidence of documentation supporting regular site visits (normally site inspection sheets), properly completed documentation supporting completion (normally task completion certificates) and photographs before and after the related works indicating, where reasonably possible, the location of the works to be able to link the photograph to the works, for example street names.</p> <p>We found as follows:</p> <p><u>Quality checks</u></p> <p>20/25 (80%): Complete evidence of quality checks and checks for completion of works were not available for inspection. Of these</p> <ul style="list-style-type: none"> - For 6/20 (30%), there was no evidence of inspections / quality checks. - For 14/20 (70%), varying evidence of inspection and quality checks were available, so for example some had site inspection sheets and task completion certificates without photographs while some had photographs without site inspection and task completion certificates. <p>Although photographic evidence was provided on occasions, overall it was not possible to link photographs to the works.</p> <p>Network Recovery Programme minutes 28/8/2018 and 26/3/2019 – after the 2017-18 year - provided to us for review confirmed the communication to the relevant Re officers of the requirement to complete</p>

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
					<p>inspection sheets for works with before, during and after photographs.</p> <p>Further action:</p> <p>Documentation relating to inspections and quality checks during and on completion of works will be retained for referral.</p> <p>Responsible Officer:</p> <p>For 10635: Operations Manager (Highways)</p> <p>Target date: 16 September 2019</p>
7				<p>Action: <u>Other managed budgets</u></p> <p>Agreed. Evidence of quality inspection of works relating to all managed budgets will be retained for referral, including appropriate sign-off by qualified technicians.</p> <p>Responsible officer: Relevant Re officer for the managed budget in question</p> <p>Target date: 1 July 2016</p>	<p>Partly implemented</p> <p>Refer to 6, above</p> <p>Further action:</p> <p>The documentation supporting evidence of inspection and completion of works across managed budgets will be defined and communicated. Our view is that these will include site inspection sheets, tasks completion sheets and before and after photographs associated with and clearly linked to the works.</p> <p>Documentation relating to inspections, quality checks and completion will be retained for referral.</p> <p>Responsible Officers:</p>

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					<p>The various budget managers of the remaining 12 Managed Budget cost centres, except for 10619 and 10635 (addressed above).</p> <table border="1" data-bbox="1585 375 1854 1029"> <thead> <tr> <th data-bbox="1585 375 1657 542">Cost Centre</th> <th data-bbox="1657 375 1854 542">Cost Centre Description</th> </tr> </thead> <tbody> <tr><td>10619</td><td>Drainage(GullyClnsg</td></tr> <tr><td>10628</td><td>Public Conveniences</td></tr> <tr><td>10631</td><td>N.R.S.W.A.</td></tr> <tr><td>10632</td><td>PrivWrks Reinstatmnt</td></tr> <tr><td>10633</td><td>Rech works other</td></tr> <tr><td>10635</td><td>Road Structl Planned</td></tr> <tr><td>10648</td><td>Parking Design</td></tr> <tr><td>10763</td><td>ES Mgt</td></tr> <tr><td>10890</td><td>Road Structl Respons</td></tr> <tr><td>11097</td><td>Rech workcross over</td></tr> <tr><td>11658</td><td>Highway SPIRs</td></tr> <tr><td>10650</td><td>Structural&BridgesMaintenance</td></tr> <tr><td>10626</td><td>Damage to Public HighWays</td></tr> <tr><td>10821</td><td>Food Safety</td></tr> </tbody> </table> <p>Target date: 16 September 2019</p>	Cost Centre	Cost Centre Description	10619	Drainage(GullyClnsg	10628	Public Conveniences	10631	N.R.S.W.A.	10632	PrivWrks Reinstatmnt	10633	Rech works other	10635	Road Structl Planned	10648	Parking Design	10763	ES Mgt	10890	Road Structl Respons	11097	Rech workcross over	11658	Highway SPIRs	10650	Structural&BridgesMaintenance	10626	Damage to Public HighWays	10821	Food Safety
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8	<p>2015/16 Highways Managed Budget Review Recommendation 4: Invoice certification We tested the arrangements for the certification and accuracy of a sample of invoices covered under cost centres 10619 and 10635. Our expectation was that the prices for works would agree to contracts and the related schedule of rates, where applicable, and that invoices would be certified</p>	<p>Evidence of the independent certification of invoices by reporting managers in Re should be documented and retained, for example through annotating</p>	Medium	<p>Action: <u>Gully works</u></p> <p>This recommendation is accepted and procedures will be changed so that the managers with the</p>	<p>Implemented</p> <p>Our testing confirmed that that invoices relating to the gully programme of works were counter signed by the appropriate authorised officer to evidence the certification of the invoices for payment.</p>																														

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
	<p>as to their accuracy prior to payment. For certification, we expected evidence of review and sign-off by the responsible officer <u>and</u> his/her reporting manager, as a minimum on a sample basis.</p> <p><u>Cost centre 10619</u></p> <p>Invoiced works we tested were charged correctly in terms of the schedule of rates, where applicable. We were able to evidence certification of the invoice by the responsible officer but not his reporting manager to confirm a more independent scrutiny and challenge of the supplier invoice charges agreed by the contractor and the Re responsible officer.</p> <p>At date of the draft report being issued, of 8 invoices selected for testing, evidence of the accuracy of charging was provided for 7 invoices with no issues noted. Evidence of the accuracy of charges for 1 invoice, valued at £23,500 and relating to the monthly gully charge for cyclical / planned and one-off works, was still being investigated by Re management. The initial request for evidence was made on 11th December 2015.</p>	<p>through signing and dating the invoice prior to payment.</p> <p>Note: The exercise should also be completed for <u>all</u> other managed budgets.</p>		<p>appropriate technical ability will be checking and counter signing invoices. Invoices will be annotated with name, signature and date of the 2nd checker to evidence invoice validation.</p> <p>Responsible officer:, Asset Project and Contracts Manager</p> <p>Target date: 1 July 2016</p>	
9	<p><u>Cost centre 10635</u></p> <p>At date of the draft report, of 10 invoices selected for testing, evidence of the accuracy of charging had been provided for only 3 invoices. Evidence of the accuracy of charges for 7 invoices, including 3 invoices that involved on-charges from a sub-contractor of the main contractor, were still being investigated by Re management at the date of this report. These 7 invoices totalled £67,548 in value and the initial request for the evidence was made on 11 December 2015.</p> <p>There was no evidence of independent certification of invoices by the reporting manager for any of our sample of 10 invoices. This was an expected control</p>			<p>Action: <u>Structural works</u></p> <p>This recommendation is accepted and procedures will be changed so that the managers with the appropriate technical ability will be checking and counter signing invoices. Invoices will be annotated with name, signature and date of the 2nd checker to evidence invoice validation.</p> <p>Responsible officer: Asset Project and</p>	<p>Implemented</p> <p>Our testing confirmed that that invoices relating to the cost centre 10635 for 2017-18 were counter signed by the appropriate authorised officer to evidence the certification of the invoice for payment.</p>

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
10	<p>to confirm more independent scrutiny and challenge of the supplier invoice charges agreed by the contractor and the Re responsible officer.</p> <p>Note: Invoices relating to re-active works for the repair of gullies charged to cost centre 10619 and road marking charged to cost centre 10635 are relatively complicated and detailed as they often involve significant separately charged works/breakdowns subject to a schedule of rates charges. There is therefore an inherent risk of incorrect charging and hence the need to embed a robust process for review, scrutiny and challenge of supplier invoices.</p>			<p>Contracts Manager, Highways Network Management</p> <p>Target date: 1 July 2016</p> <p>Action: Other managed budgets</p> <p>This recommendation is accepted and procedures will be changed so that the managers with the appropriate technical ability will be checking and counter signing invoices. Invoices will be annotated with name, signature and date of the 2nd checker to evidence invoice validation.</p> <p>Responsible officer:, Asset Project and Contracts Manager, Highways Network Management</p> <p>Target date: 1 July 2016</p>	<p>Partly implemented</p> <p>We selected 5 of 14 managed budgets cost centres for 2017-18 other than 10619 and 10635, above and inspected invoices attached in Integra for evidence of invoice certification/counter signing for payment or any other evidence confirming certification for payment, for example e-mail trails instructing the good receipting of works on completion. We selected one invoice from Feb/March 2017/18 from each cost centre, so 5 transactions in total</p> <p>Our findings were as follows:</p> <ul style="list-style-type: none"> - 3/5 – satisfactory - 10890 (Road Structure Responsive), 10628 (Public Conveniences), 10633 (Rech works other) – the invoice attached in Integra showed evidence of certification/counter signing. - 2/5 (40%) – not satisfactory 10631 (NRSWA Advertising) / 10648 (Parking Design) – not satisfactory – invoices attached in Integra were not counter signed to evidence certification for payment. <p>Further Action:</p> <p>The appropriate managed budget manager will counter sign invoices to formally certify invoices for</p>

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019																														
					<p>payment, in line with the Financial Scheme of Delegation.</p> <p>Responsible Officers:</p> <p>Various – relevant budget managers for the remaining 12 managed budgets, other than 10619 and 10635 (addressed above).</p> <table border="1" data-bbox="1579 518 1848 1173"> <thead> <tr> <th>Cost Centre</th> <th>Cost Centre Description</th> </tr> </thead> <tbody> <tr><td>10619</td><td>Drainage/GullyClnsg</td></tr> <tr><td>10628</td><td>Public Conveniences</td></tr> <tr><td>10631</td><td>N.R.S.W.A.</td></tr> <tr><td>10632</td><td>PrivWrks Reinstatmt</td></tr> <tr><td>10633</td><td>Rech works other</td></tr> <tr><td>10635</td><td>Road Structl Planned</td></tr> <tr><td>10648</td><td>Parking Design</td></tr> <tr><td>10763</td><td>ES Mgt</td></tr> <tr><td>10890</td><td>Road Structl Respons</td></tr> <tr><td>11097</td><td>Rech work cross over</td></tr> <tr><td>11658</td><td>Highway SPIRs</td></tr> <tr><td>10650</td><td>Structural&BridgesMaintenance</td></tr> <tr><td>10626</td><td>Damage to Public HighWays</td></tr> <tr><td>10821</td><td>Food Safety</td></tr> </tbody> </table> <p>Target date: 16 September 2019</p>	Cost Centre	Cost Centre Description	10619	Drainage/GullyClnsg	10628	Public Conveniences	10631	N.R.S.W.A.	10632	PrivWrks Reinstatmt	10633	Rech works other	10635	Road Structl Planned	10648	Parking Design	10763	ES Mgt	10890	Road Structl Respons	11097	Rech work cross over	11658	Highway SPIRs	10650	Structural&BridgesMaintenance	10626	Damage to Public HighWays	10821	Food Safety
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11	2015/16 Highways Managed Budget Review Recommendation 5: Performance reporting	Additional performance reporting in line with the agreed Output	Medium	Action: <u>Gully works</u> The detail behind the relevant headline	Implemented <u>KPI</u>																														

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	<p>We assessed the adequacy and effectiveness of reporting of delivery associated with cost centres 10619 and 10635.</p> <p>Our expectation was that performance reporting would include a quantitative and qualitative dimension to enable the Council to scrutinise, measure and challenge:</p> <ul style="list-style-type: none"> - delivery progress - how contractor resources were focussed on priority areas and - the quality of delivery. <p><u>Cost centre 10619</u></p> <p>Evidence was provided of KPIs and related timely reporting to the Council to support a <u>quantitative</u> assessment of timeliness/progress of contractor delivery:</p> <ul style="list-style-type: none"> - KPI 1.7, Annual Programme of Gully Cleansing - progress against plan of cyclical / planned gully cleansing programme; and - KPI 2.10, the timely response to one-off works to rectify drainage malfunction. <p>Re also record, and provided evidence to audit, of <u>quality</u> checks of the contractor's work to ensure that it was delivered to standard as follows:</p> <ul style="list-style-type: none"> - 25-50 gully checks per month for planned / cyclical gully works; - up to 10 gully checks for one-off works; and - the quantity of one-off re-active works completed since April 2009. <p>However, for cost centre 10619, Re management indicated that there was <u>no</u> formal reporting to the Council, for independent scrutiny and challenge, of the above or of the following:</p>	<p>Specification of the Re contract should be agreed between Re and Council to facilitate an effective qualitative and quantitative assessment of contractor delivery and ensure that value for money outcomes are optimised, for example contractor focus on priority areas first.</p> <p>Note: The exercise should also be completed for <u>all</u> other managed budgets.</p>		<p>figures for the KPIs reported will be made available to the Council Strategic Lead or officers responsible for monitoring delivery.</p> <p>Details of quality checks by Re of the contractors' work will be provided to the Council Strategic Lead for review and scrutiny.</p> <p>Responsible officer: Senior Engineer, Highways Drainage with Strategy & Performance Manager</p> <p>Target date: 1 July 2016</p>	<p>The outturn for KPI 1.7 The Annual Programme of gully cleansing for 2018-19 was provided for our review. It showed achievement at the 100% level. Re Management indicated that supporting detail was available to the Council/Client on request. The Highways May 2019/2020 Performance Report used by the Council for monitoring Highways delivery reported gully cleansing activity by Re</p> <p><u>Quality checks of works</u></p> <p>We were also provided with the quality checks that were undertaken by Re confirming that the information was available for review and scrutiny where required. Re Management indicated that the information was available to the Council/Client on request.</p> <p>The Highways May 2019/2020 Performance Report used by the Council for monitoring Highways delivery reported gully cleansing activity by Re</p>
12	<p>Re also record, and provided evidence to audit, of <u>quality</u> checks of the contractor's work to ensure that it was delivered to standard as follows:</p> <ul style="list-style-type: none"> - 25-50 gully checks per month for planned / cyclical gully works; - up to 10 gully checks for one-off works; and - the quantity of one-off re-active works completed since April 2009. <p>However, for cost centre 10619, Re management indicated that there was <u>no</u> formal reporting to the Council, for independent scrutiny and challenge, of the above or of the following:</p>			<p>Action:</p> <p>Structural works</p> <p>1.The detail behind the headline figures for the KPIs reported will be made available to the Council Strategic Lead or officers responsible for monitoring delivery.</p> <p>2.Details of quality checks undertaken will be provided to the</p>	<p>Implemented</p> <p><u>1. KPI</u></p> <p>The outturn for KPI 1.8 and 1.9 for 2018-19 was provided for our review. It showed achievement at the 100% level. Re Management indicated that supporting detail was available to the Council/Client on request. The Highways May 2019/2020 Performance Report used by the Council to monitor Highways delivery reported extensively on the Network Recovery Programme which we confirmed covered bridge related works</p>

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
	<ul style="list-style-type: none"> - the quality and quantity of works relating to water courses - specifically, for <u>vulnerable</u> gullies, the progress and quality of delivery, including those gullies within the Council's Surface Water Management Plan. <p>The above reporting to the Council would support the Service Level specification for the Service Requirement stated in the Output Specification for the Drainage function of the Highways Network Management area of the published Re contract (References: HNM052, HNM053, HNM056, HNM061).</p> <p>Council Management also indicated that they were not aware of any reporting to facilitate the reconciliation of actual gully cleansing activity to "completion certificates", formally signed off records of works, completed by the contractor, by Re.</p> <p><u>Cost Centre 10635</u></p> <p>Evidence was provided of KPIs and related timely reporting to support a <u>quantitative</u> assessment of timeliness and progress of delivery follows:</p> <ul style="list-style-type: none"> - KPI 1.9 actual against planned bridge maintenance works, - KPI 1.8 actual against planned Principal inspections of bridges <p>Evidence of <u>quality</u> checks to ensure that the contractor was delivering to an acceptable standard for cyclical bridge maintenance was provided by Re to internal audit, however this was <u>not</u> formally reported to the Council for independent assessment and challenge.</p> <p>The above additional reporting would support the Service Level specification for the Service Requirement stated in the Output Specification for the</p>			<p>Council Strategic Lead for review and scrutiny.</p> <p>3. Reports of inspections by the appropriate engineers with the appropriate technical expertise and qualifications (Chartered Engineers) will be provided to the Council.</p> <p>Responsible officer: Asset Project and Contracts Manager, Highways Network Management</p> <p>Strategy & Performance Manager</p> <p>Target date: 1 July 2016</p>	<p>KPI 1.8 – relates to bridge inspections undertaken</p> <p>KPI 1.9 – relates to actual <u>bridge maintenance</u> works</p> <p><u>2. Quality checks of works</u></p> <p>The Highways May 2019/2020 Performance Report used by the Council to monitor Highways delivery reported extensively on the Network Recovery Programme which we confirmed covered bridge related works.</p> <p>Re Management indicated that supporting detail was available to the Council/Client on request.</p> <p><u>3. Inspections</u></p> <p>Evidence of inspections undertaken and underlying individual inspection findings, uploaded to the web based asset management system 'Bridgestation' were provided for our review.</p> <p>Re Management indicated that all the information was available to the Council/Client on request.</p> <p>The Highways May 2019/2020 Performance Report used by the Council to monitor Highways delivery reported extensively on the Network Recovery Programme which we confirmed covered bridge related works.</p>
13				Action:	Implemented

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019																														
	Bridges function of the Highways Network Management section of the published Re contract.			<p>Other managed budgets</p> <p>The detail behind the headline figures for the KPIs reported will be made available to the Council Strategic Lead or officers in the Council responsible for monitoring delivery.</p> <p>Records of inspections by the appropriate engineers with the appropriate technical expertise and qualifications (Chartered Engineers) will be provided to the Council.</p> <p>Responsible officer: Relevant Re Officer responsible officer with Strategy & Performance Manager</p> <p>Target date: 1 July 2016</p>	<p>The outturn for KPI 2.2 and 2.3 for 2018-19 was provided for our review. Re Management indicated that supporting detail was available to the Council/Client on request. We reviewed the Highways May 2019/2020 Performance Report - used by the Council for monitoring Highways delivery - for reporting activity relevant to the managed costs centres below.</p> <table border="1" data-bbox="1579 568 1939 1219"> <thead> <tr> <th data-bbox="1579 568 1677 740">Cost Centre</th> <th data-bbox="1677 568 1939 740">Cost Centre Description</th> </tr> </thead> <tbody> <tr><td data-bbox="1579 740 1677 778">10619</td><td data-bbox="1677 740 1939 778">Drainage/GullyClnsg</td></tr> <tr><td data-bbox="1579 778 1677 817">10628</td><td data-bbox="1677 778 1939 817">Public Conveniences</td></tr> <tr><td data-bbox="1579 817 1677 855">10631</td><td data-bbox="1677 817 1939 855">N.R.S.W.A.</td></tr> <tr><td data-bbox="1579 855 1677 893">10632</td><td data-bbox="1677 855 1939 893">PrivWrks Reinstabmt</td></tr> <tr><td data-bbox="1579 893 1677 932">10633</td><td data-bbox="1677 893 1939 932">Rech works other</td></tr> <tr><td data-bbox="1579 932 1677 970">10635</td><td data-bbox="1677 932 1939 970">Road Structl Planned</td></tr> <tr><td data-bbox="1579 970 1677 1008">10648</td><td data-bbox="1677 970 1939 1008">Parking Design</td></tr> <tr><td data-bbox="1579 1008 1677 1046">10763</td><td data-bbox="1677 1008 1939 1046">ES Mgt</td></tr> <tr><td data-bbox="1579 1046 1677 1085">10890</td><td data-bbox="1677 1046 1939 1085">Road Structl Respons</td></tr> <tr><td data-bbox="1579 1085 1677 1123">11097</td><td data-bbox="1677 1085 1939 1123">Rech workcross over</td></tr> <tr><td data-bbox="1579 1123 1677 1161">11658</td><td data-bbox="1677 1123 1939 1161">Highway SPIRS</td></tr> <tr><td data-bbox="1579 1161 1677 1200">10650</td><td data-bbox="1677 1161 1939 1200">Structural&BridgesMaintenance</td></tr> <tr><td data-bbox="1579 1200 1677 1238">10626</td><td data-bbox="1677 1200 1939 1238">Damage to Public HighWays</td></tr> <tr><td data-bbox="1579 1238 1677 1276">10821</td><td data-bbox="1677 1238 1939 1276">Food Safety</td></tr> </tbody> </table> <p>The Highways May 2019/2020 Performance Report reported NRSWA, parking design related matters, SPIRS, damage to highways and Environmental Health matters which in our view covered activity relevant to the above cost centres.</p>	Cost Centre	Cost Centre Description	10619	Drainage/GullyClnsg	10628	Public Conveniences	10631	N.R.S.W.A.	10632	PrivWrks Reinstabmt	10633	Rech works other	10635	Road Structl Planned	10648	Parking Design	10763	ES Mgt	10890	Road Structl Respons	11097	Rech workcross over	11658	Highway SPIRS	10650	Structural&BridgesMaintenance	10626	Damage to Public HighWays	10821	Food Safety
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					The documented process governing the quality checking of reactive maintenance works was provided to us for review. The findings of the quality checking process were reported the Highways May 2019/2020 Performance Report, used by the Council for monitoring Highways delivery.
14	<p>2016/17 Highways Programme Audit</p> <p>Recommendation 2: Issue management</p> <p><i>Control design</i></p> <p>We considered the current mechanisms in place to resolve issues associated with the contract. We found:</p> <ul style="list-style-type: none"> - There is no central issues log to systematically manage and resolve strategic issues in relation to the contract and key operational issues arising; - Whilst there are more operational issues logs maintained in relation to individual schemes (e.g. Defects logs and snagging lists) and we have seen ad hoc communications around ongoing service issues there is no systematic way of tracking progress against more systemic issues in relation to the service and the contract; - Through discussions with management and upon considering minutes of meetings with the contractor it is apparent there have been a number of longstanding issues associated with the contractor, such as the uploading of information and photos to Exor and communication with residents, however these have not been captured in an Issues Log. Resolution of these issues through use of a 	<p>Agreed action:</p> <p>An issues log will be created that will be used as part of contract management procedures to support the resolution of issues arising. This will be considered at CMG and will be developed in line with the NEC3 methodology set out in the framework and will include a description of the issue, agreed actions with responsible officers and agreed timeframes for implementation as well as progress against agreed actions.</p> <p>Responsible officer:</p>	Medium	N/A	<p>Implemented</p> <p>A LOHAC issues log was provided for review. The issues log referred to issues recorded in the LOHAC meeting minutes covering discussions involving Re and Conway Aecom officers.</p>

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
	<p>central log that captures the issue, agreed actions with responsible officers and agreed timeframes for implementation as well as progress against agreed actions would assist in ensuring issues are resolved more systematically by ensuring clarity around responsibilities and enabling the contractor to be held to account.</p>	<p>Liam Davies, Contract Performance and Traffic Manager</p> <p>Target date: 31/05/2017</p>			

No	Detailed finding	Recommendation	Risk Category	Management response	Internal Audit Assessment May 2019
15/16	<p>2016/17 Highways Programme Audit</p> <p>Recommendation 3: Inspection sheets</p> <p><i>Control design and operating effectiveness</i></p> <p><u>Completion of inspection sheets</u></p> <p>Proforma inspection sheets are used to document the visits and associated quality assurance work performed by Re engineers who monitor works undertaken as part of the NRP.</p> <p>We reviewed a sample of works to determine whether inspection sheets were being completed in line with requirements to support the completion of works.</p> <p>We found:</p> <ul style="list-style-type: none"> - For 10/10 (100%) schemes tested, the site clearance section in the site inspection form had not been completed. This section helps ensure that the site is clean and safe for public access and that all signage has been removed and road markings reinstated; and - For 4/10 inspection sheets the time of visit was not stated. <p>The inspection form is a fairly new control. All of the form can be completed on their inspections during works, whereas the site clearance section has to be completed after works have finished. It is a small section of a two page inspection sheet.</p> <p><u>Inspection regime</u></p>	<p>Agreed action:</p> <p>a) Officers will be reminded to complete all relevant sections of the Inspection form. A sample of inspection forms will be considered on a quarterly basis to review the quality and completeness of the inspection forms produced.</p> <p>b) A framework providing guidance to officers regarding the frequency of inspections required will be produced and incorporated into procedure notes in place. This framework will provide some guidance to officers around expectations for</p>	Medium	n/a	<p>Partly implemented</p> <p>a) Network Recovery Programme minutes 28/8/2018 and 26/3/2019 confirmed the communication to the relevant Re officers of the requirement to complete inspection sheets for works with before, during and after photographs. We were however <u>not</u> provided with evidence of quarterly review of completed inspections to ensure that they were being completed correctly. This action is therefore considered partly implemented.</p> <p>Further action: Evidence of Re review of Site Inspection Sheet will be provided for our review.</p> <p>Responsible Officer: Operations Manager (Highways)</p> <p>Target date: 16 September 2019</p>

	<p>For works such as Footways spanning multiple weeks, there is no defined procedure detailing the required frequency of inspections (e.g. inspections have to occur every 3 days). Currently the frequency of monitoring is subject to officer judgement and factors such as the scale, complexity and profile of works will determine frequency.</p> <p>Although we found upon considering a sample of 10 schemes that inspections did take place at key milestones (such as works in progress and completion), without a clearly defined expectation for the frequency of inspections there is a risk that monitoring does not occur in line with expectations or requirements.</p>	<p>the number of site visits based on the nature, complexity and scale of the works. The framework will not be prescriptive regarding requirements, acknowledging that a one size fits all approach is not appropriate, but will support officers apply professional judgement and set out minimum expectations where appropriate.</p> <p>Responsible officer:</p> <p>Richard Chalmers, Associate Director- Highways, Re</p> <p>Target date:</p> <p>30/04/2017</p>			<p>Implemented</p> <p>b. An inspection framework was provided for our review which included:</p> <p>i) An Inspection Framework defining when during the scheme, inspections should take place.</p> <p>ii) An inspection procedure for reactive NRP works defining the process for quality checking of site inspection sheets and the related file structure for 10% of works completed each month and the site inspection process for the works subject to 10% quality audit.</p> <p>The evidence provided was sufficient to consider the action implemented.</p>
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