

**FINAL INTERNAL AUDIT REPORT**

**ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT**

**REVIEW OF WINTER MAINTENANCE SERVICE AUDIT FOR 2018-19**

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**Cc**  
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**Report No:** ECS/3/2018/AU

## REVIEW OF WINTER MAINTENANCE SERVICE AUDIT 2018/19

### INTRODUCTION

1. This report sets out the results of our systems based audit of the Winter Maintenance Service. The audit commenced in quarter two as part of the programmed work specified in the 2018/19 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

### AUDIT SCOPE

3. The scope of the audit was outlined in the Terms of Reference issued on 13<sup>th</sup> August 2018.

### AUDIT OPINION

4. Overall, the conclusion of this audit was that Substantial Assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

### MANAGEMENT SUMMARY

5. The Winter Maintenance Service formed part of the Minor and Reactive Works contract which, from 2010 until 30<sup>th</sup> June 2018 was operated by Contractor A. Its remit also included day to day reactive maintenance works including repairs to pot holes, footway maintenance and carriageway resurfacing. The recommendation for the award of the new contract for Highway Maintenance (Major and Minor), for a term of eight years from 1<sup>st</sup> July 2018 to Contractor B, was approved by the Executive on 20<sup>th</sup> April 2018. The audit covers a time period for which Contractor A was responsible for delivery of the contract and any references to 'the contractor' should be read as 'Contractor A' unless otherwise stated.
6. The Council has a responsibility under the Highway Act 1980 to maintain the highway. To assist in meeting this responsibility, a Winter Service is provided to allow, as far as reasonably practicable, for the safe movement of traffic on roads throughout

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the Borough at all times. In October 2003, Section 41A was added to the Act introducing a duty to ensure, as far as is reasonably practicable, that safe passage along a highway is not endangered by snow and ice.

7. National Guidance and recommendations for Winter Service delivery are detailed in Section 13 of 'Well-maintained Highways, Code of Practice for Highway Maintenance Management' and more recently Section B7 of the 'Well-managed Highway Infrastructure: A Code of Practice'.
8. The Winter Service normally operates for 21 weeks of the year; from the first week of November to the first week of April, although weather conditions may necessitate extending the season at either end from the first week of October and/or to the last week of April.
9. The Council's Priority carriageway treatment network, excluding Red Routes which are the responsibility of Transport for London, constitutes 196 miles (40%) of the Borough's carriageway network. The Secondary treatment routes and other locations, including a Tertiary network (steep inclines), cover a further 16% of the network. Salt bins are provided across the borough to allow local residents to assist in the winter service by spreading salt on carriageways and footways affected by snow and ice.
10. The Winter Service consists of two elements:-
  - Pre planned precautionary salting to prevent the formation of ice
  - Snow clearing and post treatment salting to melt snow and ice already formed.
11. Between 1<sup>st</sup> September 2017 and 31<sup>st</sup> August 2018, Contractor A was paid £187k for delivery of the Winter Maintenance Service, with the detail depicted in Table 1 below:-

**Table 1**

| <b>Cost Centre</b>                     | <b>Total Paid</b> |
|--|-------------------|
| Salting/Gritting/Carriageways/Footways | £110k             |
| Snow Fences/Salt Bins                  | £18k              |
| Standby/Training/ Annual Set Up        | £59k              |
| <b>Total</b>                           | <b>£187k</b>      |

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12. Our testing identified the following issues which we would like to draw to management's attention:-

### **Policy and Plan**

- The Policy and Plan for 2017/18 contained out of date information in terms of the schools listed, an E mail In box which, whilst still open is not regularly monitored and post season reporting undertaken.

### **Public Liability Insurance**

- Additional snow clearance support is provided by local farmers on pre determined routes as required. For one individual to whom payment was made for the 2017/18 season, whilst they had provided the name and address of their insurer, a copy of their Public Liability Insurance certificate could not be located.

## **SIGNIFICANT FINDINGS (PRIORITY 1)**

13. There are no significant findings.

## **DETAILED FINDINGS / MANAGEMENT ACTION PLAN**

14. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

## **ACKNOWLEDGEMENT**

15. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

| No. | Findings   | Risk  | Recommendation  |
|-----|--|---|---|
| 1   | <p><b><u>Process and Procedures</u></b><br/>                     Whilst a Winter Service Policy and Plan was in place for the 2017/18 season, information contained therein was not up to date in terms of school listed, E mail addresses monitored and post season reporting undertaken.</p> <p>i) The list of schools did not contain all those open at the beginning of the 2017/18 season or reflect changes of name which have taken place.</p> <p>ii) Guidance used by the Customer Service Centre to respond to queries received in relation to the Winter Service includes an E mail address which, whilst still open, is not regularly monitored.</p> <p>iii) Paragraphs 2.10 (Policy Statement) and 3.16 (Operational Plan) are both headed up 'Performance Monitoring' and contain conflicting information as to how often reports will be produced on the performance of the Winter Service operation, for whom, and the areas to be covered.</p> | <p>Out of date information within the Winter Service Policy and Plan may lead to:-</p> <p>i) Inequity of School footway access areas treated</p> <p>ii) Correspondence received via E mail not being actioned in a timely manner</p> <p>iii) End of season reporting not being carried out as stated.</p> | <p>A review of the Winter Service Policy and Plan should be undertaken ahead of the 2018/19 season ensuring that all elements of the document reflect the up to date position.</p> <p><b>Priority 2</b></p> |

**Priority 1**  
 Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
 Required to address issues which do not represent good practice

**Priority 3**  
 Identification of suggested areas for improvement

DETAILED FINDINGS

| No. | Findings  | Risk  | Recommendation   |
|-----|---|---|--|
| 2   | <p><b><u>Public Liability Insurance</u></b><br/>                     Additional snow clearance support is provided by local farmers on pre determined routes as required. For one individual to whom payment was made for the 2017/18 season (£945), whilst they had provided the name and address of their insurer, a copy of the Public Liability Insurance certificate could not be located.</p> | <p>In the event of a claim being received, lack of recourse to a Contractor’s Public Liability Insurer would increase the Authority’s financial exposure.</p> | <p>A copy of the Public Liability Insurance Certificate, covering the whole of the time period for which the Winter Service may be operational, should be held on file.</p> <p><b>Priority 2</b></p> |

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**Priority 2**  
 Required to address issues which do not represent good practice

**Priority 3**  
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

| Finding No. | Recommendation   | Priority *Raised in Previous Audit | Management Comment  | Responsibility  | Agreed Timescale  |
|-------------|--|------------------------------------|---|---|---|
| 1           | <p><b><u>Process and Procedures</u></b><br/>                     A review of the Winter Service Policy and Plan should be undertaken ahead of the 2018/19 season ensuring that all elements of the document reflect the up to date position.</p> | 2                                  | <p>The policy and plan will be updated;</p> <p>i) list of schools to be updated</p> <p>ii) reference to ESD winter service review email to be removed</p> <p>iii) ESD winter service review email account to be closed</p> <p>iv) end of season reporting to be as required</p> | <p>Highway Area Manager &amp; Neighbourhood Manager</p> <p>Highways Project Engineer</p> <p>Assistant Director, Highways</p> <p>Highways Project Engineer</p> | <p>1<sup>st</sup> Nov 2018</p> <p>1<sup>st</sup> Nov 2018</p> <p>1<sup>st</sup> Nov 2018</p> <p>1<sup>st</sup> Nov 2018</p> |

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MANAGEMENT ACTION PLAN

| Finding No. | Recommendation  | Priority *Raised in Previous Audit | Management Comment  | Responsibility            | Agreed Timescale         |
|-------------|---|------------------------------------|---|---------------------------|--------------------------|
| 2           | <p><b><u>Public Liability Insurance</u></b><br/>                     A copy of the Public Liability Insurance Certificate, covering the whole of the time period for which the Winter Service may be operational, should be held on file.</p> | 2                                  | Confirmation of public liability insurance to be obtained from all farmers employed of winter service | Highways Project Engineer | 1 <sup>st</sup> Nov 2018 |

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## OPINION DEFINITIONS

## APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

| <b>Assurance Level</b> | <b>Definition</b>   |
|------------------------|---|
| Full Assurance         | There is a sound system of control designed to achieve all the objectives tested.   |
| Substantial Assurance  | While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording. |
| Limited Assurance      | Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.  |
| No Assurance           | Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.  |