

ARGYLL & BUTE COUNCIL

Internal Audit Section

INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	DEVELOPMENT AND INFRASTRUCTURE SERVICES
AUDIT DESCRIPTION	RISK BASED AUDIT
AUDIT TITLE	Capital Projects – Design Protocols
AUDIT DATE	March 2016

2015/2016



1. BACKGROUND

A review of Capital Design Protocol within Development and Infrastructure (Roads and Amenity) has been planned as part of the 2015/16 Internal Audit programme.

Included within the Roads and Amenity capital programme are a range of projects which require consultation with outside bodies such as Utility Companies, Police Scotland, Fire Brigade and Local Community groups prior to project start to ensure that projects, where possible, are designed in order to achieve best value. In addition, liaison with other Council Departments may also be required; such as the School Transport service where the Roads and Amenity Service is planning works which affect availability /access to a school route.

Two areas have been identified for review, being Road works and Bridge strengthening projects. The Roads construction the capital budget for 2015/16 is £3.52 m with a revenue roads budget of £3.9m. The 2015/16 budget for Bridge strengthening is £400k.

2. AUDIT SCOPE AND OBJECTIVES

The main objectives of the audit were:

- Review formal design protocols including project initiation processes /communication plans.
- Review a sample of Road and Bridge projects to evidence engagement with key stakeholders including public consultation.

Control objectives included:

Authority –	Roles and delegated responsibilities are documented in policies and procedures and are operating well in practice.
Occurrence –	Sufficient documentation exists to evidence compliance with policies, procedures.
Completeness –	Policies and procedures are aligned and required documentation is fully maintained.
Measurement –	Policies and procedures are in line with requirements.
Timeliness –	Policies and procedures are regularly reviewed and updated as necessary.
Regularity –	Documentation is complete, accurate and not excessive;it is stored securely and made available only to appropriate members of staff.

3. RISKS CONSIDERED

- Design protocols (Communications) are not in place.
- Reputational damage to the Council.
- Inconsistent use/presentation of information.

4. AUDIT OPINION

The level of assurance given for this report is Limited.

Level of Assurance	Reason for the level of Assurance given
High	Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with.
Substantial	Internal Control, Governance and the Management of Risk have displayed a mixture of little residual risk, but other elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Limited	Internal Control, Governance and the Management of Risk are displaying a general trend of unacceptable residual risk and weaknesses must be addressed within a reasonable timescale, with management allocating appropriate resource to the issues.
Very Limited	Internal Control, Governance and the Management of Risk are displaying key weaknesses and extensive residual risk above an acceptable level which must be addressed urgently, with management allocating appropriate resource to the issues.

This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

5. FINDINGS

The following findings were generated by the audit:

Review formal design protocols including project initiation processes /communication plans

- There was no evidence of any formal design protocols being in place, for either Roads projects or Bridge strengthening projects, which set out the processes that should be followed to ensure that all relevant external and internal bodies have been consulted prior to project start.

Review a sample of Road and Bridge projects to evidence engagement with key stakeholders including public consultation

Road Projects

- A sample of 6 road's projects was chosen covering each of the areas.
- It was noted that Roads Design previously had an accredited quality assurance system in place that complied with ISO 9001 which included documentation that was relevant to consultation with both external and internal bodies. The service no longer work towards accreditation.

- It was evidenced from the sample chosen that there has been consultation with both Internal and external bodies. With regard to Roads projects within the Helensburgh and Lomond area on the A814 it was evidenced that documentation had been completed covering the following :
 - Proposal form outlining the type of traffic restriction and requiring comments from police to be completed.
 - Consultation form that records all of the bodies that have been consulted, the date consultation had taken place and the comments from the bodies consulted.
 - A checklist that details all of the steps that Roads should have undertaken to ensure that all relevant external and internal bodies have been consulted.
 - A form listing any objections to the proposed road changes with objector contact details.
 - A document stating that all documentation pertinent to the roads project has been made available to the public for inspection and the dates thereof.

- However as regards all other areas sampled, evidence of consultation was only available via e-mails and covered the following:
 - Communication with businesses
 - Communication with utility companies
 - Communication with relevant councillors
 - Communication with police
 - Communication with affected homeowners
 - Details of meetings within the community
 - Communication with School Transport

- Control weaknesses were identified with regards to consistency of documentation as there was no standard checklist available regarding consultation, as would had been the case when the department was ISO accredited. Further control weaknesses were identified in relation to occurrence in that there was also no obvious audit trail regarding consultation as it took some time

for service personnel to locate the relevant e-mails. It was noted there was no single file or point of reference for individual projects.

- It was evidenced that all Roads projects included in the sample have been updated on the Scottish Roads works register website as required by legislation. The register facilitates the planning and coordination of road works in Scotland and is accessible to all interested parties.
- It was evidenced from the minutes that formal meetings have taken place attended by Council management and Council members, Police Scotland and Bear Scotland where discussions concerning communication and Consultation processes with interested parties in relation to Road construction programmes. The minutes also addressed areas where best value could be achieved with Bear Scotland in relation to joint collaboration in Road's improvement programmes.

Bridge Strengthening

- A sample of 6 bridge strengthening projects proposed to be carried out in 2015/16 was chosen. It was evidenced that a risk assessment has been carried for all projects and that all of the projects sampled had been classified as high risk which would potentially require consultation with both internal and external bodies as set out in the risk assessment matrix.
- There was no evidence of any documentation having been completed that recorded whether consultation with either external/internal bodies had been considered. Of the 6 projects assessed it was stated by management that only one of the projects involved consultation with an external body but this was carried out via a telephone conversation so could not be formally evidenced.

6. CONCLUSION

This audit has provided a Limited level of assurance. There were a number of recommendations for improvement identified as part of the audit and these are set out in Appendix 1. There was 1 high and 2 medium recommendations set out in Appendix 1 which will be reported to the Audit Committee. Appendix 1 sets out the action management have agreed to take as a result of the recommendations, the persons responsible for the action and the target date for completion of the action. Progress with implementation of actions will be monitored by Internal Audit and reported to management and the Audit Committee.

Thanks are due to the Roads and Amenities staff and management for their co-operation and assistance during the Audit and the preparation of the report and action plan.

APPENDIX 1 ACTION PLAN

Findings	Risk Impact	Rating	Agreed Action	Responsible person agreed implementation date
1. Design Protocols		High/ Medium or Low		
There was no evidence of any formal design protocols being place for either Roads projects or Bridge strengthening projects.	Failure to have Design protocols that outline processes to be followed with regards to consultation with other bodies can lead to failures in service delivery resulting in reputational damage to the Council/failure to achieve best value	High	Develop consultation guidelines for Capital projects. This will include identification of key stakeholders and responsibilities regarding communication. Create plan to inform/train staff as appropriate.	Network & Standards Manager 31 December 2016
2. Documentation		High/ Medium or Low		
Inconsistencies in recording of consultation documentation.	Failure to have a consistent method of recording information may leads to ineffective decisions leading to legal /financial and reputational damage.	Medium	Develop appropriate document storage for capital project consultations, taking into account the requirements of the Information Asset Register.	Network & Standards Manager 31 December 2016

3. Audit Trail		High/ Medium or Low		
There was a lack of an audit trail for evidencing consultation with External/Internal bodies	Failure to have a clear audit trail to evidence compliance can lead to loss of information resulting in reputational damage	Medium	Develop checklist to ensure all stakeholders consulted with appropriately, and evidence all communication, in accordance with the consultation guidelines for capital projects.	Network & Standards Manager 31 December 2016



Contact Details

Name David Sullivan

Address Whitegates, Lochgilphead, Argyll, PA31 8SY

Telephone 01546 604125

Email David.Sullivan@argyll-bute.gov.uk

www.argyll-bute.gov.uk

Argyll & Bute – Realising our potential together

