

ARGYLL & BUTE COUNCIL

Internal Audit Section

INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	DEVELOPMENT AND INFRASTRUCTURE SERVICES
AUDIT DESCRIPTION	FINANCIAL SYSTEM AUDIT
AUDIT TITLE	Winter Maintenance
AUDIT DATE	December 2014

2014/2015



1. Background

A review of the Winter Maintenance procedures has been planned as part of the 2014/15 Audit Plan.

Argyll and Bute has a statutory obligation, under section 34 of the Roads (Scotland) Act 1984 to “take such steps as it considers reasonable to, prevent snow and ice endangering the safe passage of pedestrians and vehicles over public roads” in the Council area, which by definition includes carriageways, footways, footpaths, pedestrian precincts.”

The Council has developed a comprehensive winter maintenance policy which covers outline principles, management arrangements, treatment priorities, standby procedures and gritting guidelines. The policy also covers a number of other areas including, snow clearance strategies, assistance from other authorities and contractors, use of salt, plant and servicing practices, weather forecasting, operational communications and record keeping.

The total budget for Winter Maintenance for the financial year 2013/14 was £1.25m.

2 AUDIT SCOPE

The audit will cover the arrangements in place for Winter Maintenance including planning and delivering service. We will review internal controls and other governance arrangements to provide a reasonable assurance that management's objectives are furthered and supported. Specifically we will:

- Review policy and procedures and provide opinion on whether fit for purpose
- Ascertain whether service adheres to stipulated policy
- Review performance monitoring information, data collection and analysis and budgeting protocols.
- Review communication and customer engagement protocols

3 RISKS CONSIDERED

- Failure to meet statutory obligations.
- Failure to adhere to stipulated policy and guidelines.
- Policy and guidelines are not fit for purpose.

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:

POLICY

- The 2014/15 Winter Maintenance policy was been approved by the Environment, Development and Infrastructure Committee on August 14th 2014.
- It was noted that the 2014/15 policy does not take into account the recommendations of the well Maintained Highways (18th Sept 2013 update) - Appendix H – Winter Service. This is due to there being ongoing discussions with the SCOTS winter service sub group. The adoption of these recommendations would be that there are likely to be implications on the frequency of turn outs and the level of resources required to meet obligations. Coupled with this are the requirements to manage drivers' hours which may necessitate the introduction of EU rules throughout the entire Roads and Amenity operation. This will have a direct effect on the shift system for "out of hours" standby which will require additional resource over and above the present establishment to deliver at the current service level.
- Benchmarking against other Council's Winter Maintenance policy documents and those of Argyll and Bute Council was carried out. This showed a consistency of approach by Argyll and Bute and that the service procedures and policies are deemed comprehensive with no significant omissions
- It was noted that the Councils website link to the Winter Maintenance Policy refers to the policy published for the year 2011/12.

Operations

- The service operates a monitoring system which records weather observations, salt management, proposed actions to address the road conditions and the record of treatments. Evidence from the system was reviewed to assess whether operational activity conformed to the requirements as laid down in the guidance procedures. It was found that activity deviated from prescribed guidance. The Guidance notes outlining operational procedures as regarding fleet lists, salt stocks, management structures and standby rotas do not reflect the current operational set up.
- Winter maintenance vehicles are fitted with satellite navigation systems which also has an instant messaging function which would allow tracking of vehicles and communication with drivers, however it was noted that the instant messaging function has not been activated due to protocols having to be agreed.
- The salt resilience protocol document describes a volume of stock required in different winter scenarios and the location of these stocks. It was noted that the salt depot at Connel airport which held 4,500 tons has recently been closed and consequently there is the potential in extreme winter conditions that the service may fail to meet its operational requirements.
- Gritting mechanisms are calibrated on an annual basis as stipulated in the policy to ensure that the salt dispersal rates are set correctly. Calibration certificates are issued upon completion however it was noted 5 out of the 14 certificates were available.
- Road conditions are reviewed using use of infra-red cameras that enable operational managers to ascertain the road condition to decide whether gritting operations should be undertaken. These are available in 8 locations throughout Argyll and Bute
- The Council have a joint working agreement with West Dumbarton Council in respect of specific routes. The Council is also currently in talks with Bear Scotland in relation to joint working on other routes.

Information

- The Council has a list of contractors it may call upon to help it meet its statutory obligations. However it was noted that the list has not been updated in the last 3 years.

- The winter maintenance budget has remained relatively constant over the last 5 years at on average £1.2m per annum. However the average actual spend per annum is approximately £2.4m.
- The Service plan does not specifically refer to winter maintenance activity and a review of scorecard information showed no evidence of performance indicators or measures being in place.
- The service operates a number of customer engagement protocols to inform the public of service disruption. These include Facebook, Twitter, web site updates and a 24 hour telephone line to inform the public however it was noted that updates are only provided during normal working hours.

6. CONCLUSION

This audit has provided a limited level of assurance. There were 10 recommendations for improvement identified as part of the audit and these are set out in Appendices 1 and 2. There are 3 high and 5 medium recommendations set out in Appendix 1 which will be reported to the Audit Committee. There are 2 low recommendations though low recommendations are not reported to the Audit Committee. Appendices 1 set's 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 Customer Services 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. Salt Reserves		High/ Medium or Low		
Winter maintenance policy stipulates a prescribed volume of salt and the location of stocks. The salt depot at Connel airport has recently been closed and consequently the Council may in extreme winter conditions fail to meet its operational commitments.	Inability to fully deliver Winter Maintenance commitments	High	Capacity in Operational stockpiles to be kept as full as possible during the winter service period to maintain resilience levels.(November 2014) Programme to provide additional capacity by August 2015	C A Robertson , August 2015
2. Guidance Procedures		High/ Medium or Low		
Documentation outlining operational procedures in respect of fleet, salt stocks management structures and standby rotas do not reflect the current operational set up.	Failure to adhere to operational policy	High	Guidance notes to be updated to reflect operational set up , management responsibilities and methods, prior to start of main season	C A Robertson 31 st March 2015
3. Budgets		High/ Medium or		

		Low		
The winter maintenance budget has remained relatively constant over the last 5 years at on average £1.2m per annum. However the average actual spend per annum for the same period is £2.4m.	Resources not aligned to service requirement	High	A demand pressure of £0.5m has been included as part of 15/16 Budget exercise. Service provision will be further reviewed as part of the Service Choices programme.	Jim Smith 31 st March 2015
4. Performance Indicators		High/ Medium or Low		
The Service plan does not specifically refer to Winter maintenance activity and a review of scorecard information showed no evidence of performance indicators or measures being in place	Failure to provide key performance indicators leading to ineffective decision making	Medium	Performance measures to be considered and incorporated into service plans and pyramid	C A Robertson 31 st March 2015
5. Communication		High/ Medium or Low		
Service user bulletins /Information notices are updated during office hours only.	Information updates are not reflective of current conditions	Medium	Winter Maintenance Managers to be trained on use of Service Disruption webpage, to allow real time communication during the coming and following seasons	C A Robertson 31 st March 2015

6. Outside Contractors		High/ Medium or Low		
The Council has a list of contractors it may call upon to help it meet its statutory obligations. The list has not been updated in the last 3 years	Failure to adhere to agreed procurement procedures. Failure to engage with approved contractors.	Medium	Contractor list to be updated after liaising with procurement team	C A Robertson 31st March 2015
7. Gritter Calibration		High/ Medium or Low		
Gritting mechanisms are calibrated on an annual basis to ensure that the salt dispersal rates are correct. Calibration certificates are issued. Only 5 out of the 14 certificates were provided.	Failure to provide evidence of calibration	Medium	Fleet to pursue hire vehicle and Fleet vehicle calibration certificates and will ensure are available to internal audit.	Fleet Manager 31 st March 2015
8. Winter Maintenance Policy		High/ Medium or Low		
The Winter Maintenance policy link on the website relates to the policy agreed for the year 2011/2012. A 2014/15 Winter Maintenance policy is in place.	Failure to provide accurate information leading to adverse impact on reputation.	Medium	Web site links to be updated to ensure reference to current policy /service provision.	C A Robertson 31 st March 2015

APPENDIX 2 ACTION PLAN

Findings	Risk Impact	Rating	Agreed Action	Responsible person agreed implementation date
9. Satellite Navigation system		High/ Medium or Low		
<p>Winter maintenance vehicles are fitted with satellite navigation systems which also has an instant messaging function which would allow tracking of vehicles and communication with drivers, however it was noted that the instant messaging function has not been activated due to protocols having to be agreed.</p>	<p>Failure to maximise functionality of system</p>	<p>Low</p>	<p>Protocol on use of messaging system still to be agreed and finalised</p>	<p>Fleet Manager(31st June 2015</p>
10. Infra-Red Cameras		High/ Medium or Low		
<p>There are a number of areas within Argyll and Bute where Infra-Red cameras have not been located to ascertain the road conditions.</p>	<p>Failure to invest in the technology can impact on the Councils ability to meet its statutory obligations</p>	<p>Low</p>	<p>A cost benefit analysis will be undertaken in relation to expanding the network</p>	<p>C A Robertson , 31st Aug 2015</p>

Contact Details

Name Dave Sullivan

Address Whitegates, Lochgilphead, Argyll, PA31 8SY

Telephone 01546 604125

Email david.sullivan@argyll-bute.gov.uk

www.argyll-bute.gov.uk

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