



# Final Internal Audit Report

## Highways Inspections

### March 2020

**Distribution:** Executive Director of Place (Final only)  
Director of Public Realm  
Highway Asset Manager

Assurance Level	Identified Issues	
Full Assurance	Priority 1	0
	Priority 2	0
	Priority 3	1

#### Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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## **1. Introduction**

- 1.1 The Council follows the 'Well-managed highway infrastructure' Code of Practice as the framework for its Highways Inspections operations. This supersedes the previous Codes 'Well-maintained Highways', 'Well-lit Highways' and 'Management of Highway Structures'. It was published on 28 October 2016.
- 1.2 The Code is intended to apply throughout the United Kingdom. Production of the Code was overseen by the UK Roads Liaison Group (UKRLG) and its Roads, Bridges and Lighting Boards.
- 1.3 Delivery of a safe and well maintained highway network relies on good evidence and sound engineering judgement. The intention of this Code is that Authorities will develop their own levels of service and the Code therefore provides guidance for authorities to consider when developing their approach in accordance with local needs, priorities and affordability.
- 1.4 The Council has been using the services of a consultant to help ensure that it is in compliance with the Code of Practice.
- 1.5 Discussion with the Highways Asset Manager established that the previous version of the Highways Asset Management Strategy (HAMS) had been signed off, but that the team were working on producing a new up to date version.

## **2. Key Issues**

- 2.1 There are no key issues, the one priority 3 item is included in section 3.

### 3. Priority 3 Issue

Action Proposed by Management	Findings
<p>The Highways Team have completed the updating of the documents identified during the audit. The documentations will continue to be reviewed every six months to ensure the councils maturity with respect to the new Code of Practice continues to improve.</p>	<p>At the time of the audit, it was noted that the Service was still in the process of updating its systems and documentation with the latest information with regards to highways and other factors under its remit following its assessment against the 'Well-managed highway infrastructure' Code of Practice.</p> <p>Where the documentation and systems are not fully up to date, there is an increased risk that the Highways asset Management Team does not have appropriate information and resources for the service to perform as it should.</p>

## TERMS OF REFERENCE

### Highways Inspections

#### 1. INTRODUCTION

- 1.1 The Council follows the 'Well-managed highway infrastructure' Code of Practice as the framework for its Highways Inspections operations. This supersedes the previous Codes 'Well-maintained Highways', 'Well-lit Highways' and 'Management of Highway Structures'. It was published on 28 October 2016.
- 1.2 The Code is intended to apply throughout the United Kingdom. Production has been overseen by the UK Roads Liaison Group (UKRLG) and its Roads, Bridges and Lighting Boards. It is recognised that there are differences in approach to some matters in England, Scotland, Wales and Northern Ireland, which are not always detailed in the Code, but general principles are set out.
- 1.3 Delivery of a safe and well maintained highway network relies on good evidence and sound engineering judgement. The intention of this Code is that Authorities will develop their own levels of service and the Code therefore provides guidance for authorities to consider when developing their approach in accordance with local needs, priorities and affordability.
- 1.4 Recommendations 15 and onwards, from the 'Well-managed highway infrastructure' Codes of Practice, were added on 15<sup>th</sup> March 2017.
- 1.5 This audit is being undertaken as part of the agreed Internal Audit Plan for 2019/20.

#### 2. OBJECTIVES AND METHODOLOGY

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes relating to Highways Inspections.
- 2.2 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.3 The audit will for each controls / process being considered:
- Walkthrough the processes to consider the key controls;
  - Conduct sample testing of the identified key controls, and
  - Report on these accordingly.

#### 3. SCOPE





- 3.1 This audit examined the Council's arrangements for the following areas relating to Highways Inspections (and number of issues identified):

Control Areas/Risks	Identified Issues		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
'Well-managed highway infrastructure' Code of Practice recommendations	0	0	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>

## DEFINITIONS FOR AUDIT OPINIONS AND IDENTIFIED ISSUES

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are consistently applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to identified issues are based on the following criteria:

<b>Priority 1 (High)</b>	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
<b>Priority 2 (Medium)</b>	Control weakness that represent an exposure to risk and require timely action.
<b>Priority 3 (Low)</b>	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

## STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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