

Final Internal Audit Report

Traffic Management

June 2022

Distribution: Corporate Director of Sustainable Communities, Regeneration and Economic Recovery
Director of Sustainable Communities
Head of Highways and Parking Services
Highway Asset Manager
Corporate Director of Resources and S151 Officer
Interim Assistant Chief Executive

Assurance Level	Issues Identified	
Substantial Assurance	Priority 1	0
	Priority 2	1
	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. Traffic management refers to the act of directing vehicles and pedestrians around some form of disruption. This could be anything that could cause danger or disruption to a vehicle or pedestrian. Effective traffic management provides a safe environment for those working on the roads and for the general public who are using the road system. By implementing a safe traffic management system where needed, the risk of accidents on the road can be reduced.
- 1.2. Part three of the Traffic Management Act (2004) provides for permit schemes as a way to manage activities in the public highway and improve Authorities' ability to minimise disruption from street and road works. Part three 'Street works in England and Wales' of the New Roads and Street Works Act 1991 also applies.
- 1.3. The operation of a permit scheme is essential in order to control and manage access to road space on London Borough of Croydon (the 'Council's) road network. Statutory utilities and highway contractors must secure a permit from the Council before undertaking any works. This minimises the disruption caused by works in the borough and maintains the flow of traffic.
- 1.4. The London Permit Scheme (LoPS) is operated by all London boroughs and Transport for London (TfL), although each authority has its own statutory instrument to operate the Scheme. The Council's Director of Sustainable Communities, oversees this with the help of Head of Highways & Parking Services and the Traffic Design Manager.
- 1.5. The fieldwork for this review was completed remotely in response to COVID-19. While our review and testing were performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.6. The audit was undertaken as part of the agreed Internal Audit Plan 2021/22 based on a risk assessment. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

- 2.1. There was one key issue identified.

Priority 2 Issue

Sufficient evidence not maintained for inspections. **(Issue 1)**

The Priority 3 issue is included in section 4 below.

3. Actions and Key Findings/Rationale

Control Area 4: Inspection of Street Works and Coring

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1				
2	<p>The Roadspace Manager has confirmed that subsequent to this audit the Network Co-ordinators were all instructed to record notes and take photographs for all inspections. These are saved direct into the Confirm system, from their handheld devices.</p> <p>In addition to this, we are refining the process with respect to data capture to ensure we can efficiently extract the required management information.</p>	<p>Under section 72 of the New Roads and Street Works Act 1991, the street authority is empowered to carry out investigatory works to check whether an undertaker of the works has complied with the duties placed on it in respect of reinstatement of the street.</p> <p>A sample of ten failed inspections from July 2020 to July 2021 was inspected to confirm whether notes and photographs were recorded for discussion with the undertaker. Two instances were observed where notes were missing (both Cat C), while four instances were observed where photographs were missing (one Cat A, one Cat B and two Cat C). We were informed that this was an oversight during the investigation process.</p> <p>Where notes and photographs of inspections are not well documented, it can be difficult for the Council to prove that the inspection has failed to meet the requirements. This can lead to financial loss to the Council where the undertaker disagrees with the Council.</p> <p>This can also lead to missed opportunities for the Council and undertaker to better learn from issues in order to minimise them in future.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Highway Traffic Manager</td> <td>29 July 2022</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Highway Traffic Manager	29 July 2022	
Responsible Officer	Deadline					
Highway Traffic Manager	29 July 2022					

4. Priority 3 Issue

Action		Findings
<p>Control Area 5: Budgetary Control</p> <p>The monthly budget monitoring meetings are held every month and whilst minutes are not taken, actions and commentary for budget variances are recorded direct into the Oracle finance system.</p> <p>Going forward to ensure actions are tracked we will establish an action log on a Budget Monitoring Teams channel.</p>		<p>It is good practice to ensure that meeting notes are maintained for budgetary discussions, including a record of expenditure for discussion at quarterly meetings.</p> <p>We were informed by the Traffic Manager that budgetary meetings were held each month during which managers discuss budgetary concerns. We reviewed calendar invites for June, July, August and September 2021 and confirmed that although budgetary meetings were held, these were not documented.</p>
Responsible Officer	Deadline	
Highway Traffic Manager	30 June 2022	

AUDIT TERMS OF REFERENCE

Traffic Management

1. INTRODUCTION

- 1.1 Traffic management refers to the act of directing vehicles and pedestrians around some form of disruption. This could be anything that could cause danger or disruption to a vehicle or pedestrian. Effective traffic management provides a safe environment for those working on the roads and for the general public who are using the road system. By implementing a safe traffic management system where needed, the risk of accidents on the road can be reduced.
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- 1.3 The operation of a permit scheme is essential to the council in order to control and manage access to road space on Croydon Council's road network. Statutory utilities and highway contractors must secure a permit from the Council before undertaking any works. This minimises the disruption caused by works in the borough and maintains the flow of traffic.
- 1.4 The London Permit Scheme (LoPS) is operated by all London boroughs and TfL, although each authority has its own statutory instrument to operate the Scheme.
- 1.5 This audit is being undertaken as part of the agreed Internal Audit Plan for 2021/22.

2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 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 included the following areas (and issues raised):





Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	0	0	0

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Co-ordination of Street Works	0	0	0
Inspection of Street Works and Coring	0	1	0
Section 74 Charges and Debt Collection	0	0	0
Budgetary Control	0	0	1
Total	0	1	1

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 constantly 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 of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

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

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. 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, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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