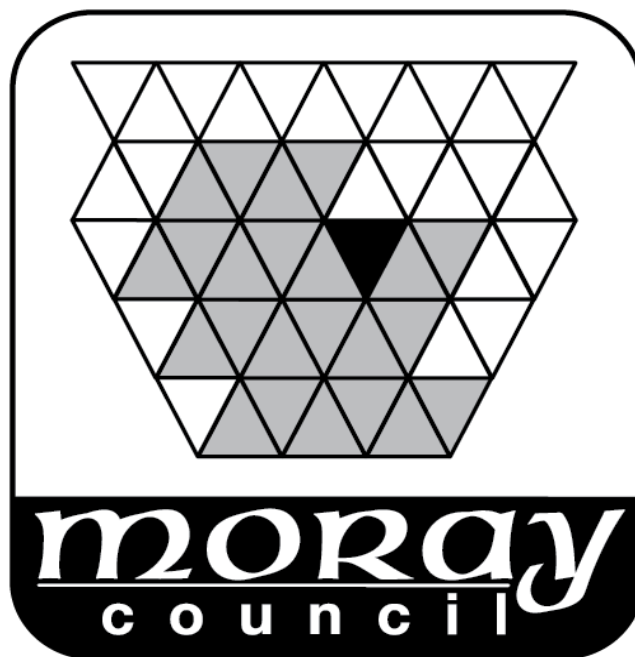


Moray Council

Internal Audit Section

Winter Maintenance - Roads

Final Report



Moray Council

Internal Audit Section

DEPARTMENT: Environmental Services

SUBJECT: Winter Maintenance - Roads

REPORT REF: 19'022

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1. Executive Summary

The 2018/19 audit plan called for a review of the application of the winter maintenance policy. The Council has a statutory duty to comply with the requirements of the Roads Scotland Act 1987 which states that "a roads authority shall take such steps as they consider reasonable to prevent snow and ice endangering the safe passage of pedestrians and vehicles over public roads".

Moray Council reviews its Winter Maintenance Policy each year based on guidance from both the Well Maintained Highways Code of Practice, and the Society of Chief Officers of Transportation in Scotland (SCOTS). All council roads have been given a 'priority for treatment' rating with currently 17 gritting routes across Moray designated as Priority 1. Local contractors support the service as and when conditions dictate.

The annual budget for winter maintenance is £1.65m in 2018/19 (£1.67m - 17/18) whilst spend historically is dictated by the severity of the winter season. The average spend per season over the last 10 years has been £2.22m.

The scope of the audit was to evaluate the reasonableness of decision making processes, both at policy and operational level. Audit testing was carried out during what the service reported as being a mild winter with actual spend on winter maintenance as at the end of March 2019 amounting to £1.69 million.

The principal findings from the audit were:

Decision making at a strategic level was broadly in line with national guidance, taking into account discretion for individual local authorities to consider local circumstances including, geographical location of its routes and road surface types. As such it was noted that council policy provides for slightly higher salt spread rates for some treatments, generally where salt stock piles are not covered (wet salt) or conditions are extreme.

The implications of this are evident, albeit difficult to quantify, in increased cost (more salt used), greater wear and tear on equipment and time requirements to clear blockages that may occur. Leaching from salt stocks over time reduces its effectiveness and also has environmental implications in the immediate vicinity of the salt piles. There may be an opportunity to address this with additional salt storage provision, although a cost benefit analysis would be required for each location.

A service contract for weather forecasting has been entered into with an external provider covering the period to April 2020 and this is used to inform day to day decisions on the nature and scope of work to be undertaken.

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Vehicle tracking information is in use for monitoring progress with treatments on each route, for driver safety and as evidence of work carried out in the event of insurance claims being raised by third parties. The tracking information for some gritting routes was not always reliable due to radio 'black spots', caused by a combination of the geography of gritting routes and dated technology. The fleet, as it is updated, is being fitted with an improved GPS tracking system that provides better and more reliable coverage.

Costs of winter maintenance, like other roads services, are accumulated as direct costs of staffing, plant and materials and bought in supplies. An overhead rate is applied to each cost to cover central management and back office staff. The bases for the overhead rates have not been confirmed recently and it has been recommended these rates are reviewed in consultation with accountancy and updated as appropriate.

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2. Introduction

The 2018/19 audit plan called for a review on the application of the winter maintenance policy. The Council has a statutory duty to comply with the requirements of the Roads Scotland Act 1987 which states that "a roads authority shall take such steps as they consider reasonable to prevent snow and ice endangering the safe passage of pedestrians and vehicles over public roads". Moray Council revises its Winter Maintenance Policy each year based on the Well Maintained Highways Code of Practice. The service currently operates 17 priority 1 gritting routes across Moray.

3. Audit Scope

The scope of the audit was to evaluate the reasonableness of decision making within the service. The audit looked at the policy making as well as operational decisions. The annual budget for winter maintenance in 2018/19 is £1.65m (£1.67m 17/18) whilst spend has been dictated by the severity of the winter season. The average spend over the last 10 years has been £2.22m.

4. Summary Assessment

The Internal Audit Section will provide Management with an opinion on the internal control environment based on four categories of classification:

Assurance Level	System and Testing Conclusion
Full	The controls tested are being consistently applied
Substantial	There is evidence that the level of non compliance with some of the controls may put some of the system objectives at risk.
Limited	The level of non compliance puts the system objectives at risk.
None	Significant non-compliance with basic controls leaves the system open to error or abuse.

Our assessment in terms of the design of, and compliance with, the system of internal controls for Winter Maintenance - Roads as limited by the scope of audit is set out below:

System Assessment	Testing Assessment
Substantial	Substantial

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5. Findings

The main issues raised for management consideration are:

- 5.1 A higher spread rate is required when using salt stock from an uncovered or open storage depot. This results in more salt being used, as the effectiveness of the salt is affected by its moisture content. Additional costs such as staff time to clear out spreaders during treatment, environmental damage from salt wash off and loss of salt stock can all contribute to higher costs for the service. Whilst the audit recognises that there are several variables to be considered, there is sufficient reason for management to investigate and develop a further business case for more covered salt storage across the network.
- 5.2 The audit found that tracking information was not available for a number of routes, specifically those in the Dufftown area. This was due to the fleet having older radio transmitters installed, which combined with the geography can lead to radio black spots. The information is useful to monitor driving routes as well as provide valuable evidence in case of any insurance claims. The audit noted that new GPS tracking had been installed on newer fleet assets and older assets, once replaced would be given GPS tracking as standard. However, consideration should be given to replacing older assets with GPS tracking sooner.
- 5.3 The overhead recovery rate is updated each year with a nominal percentage increase. It is unclear if the rate is still representative of the true costs of carrying out the works as it has not been evaluated in a number of years. There is a risk that the amounts being recharged to budgets could be over/under the value of works carried out.

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6. Recommendations

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Storage and monitoring of salt usage.						
5.1	Management should review current arrangements for salt storage, and consider developing a business case for any improvements that are considered feasible.	Low	Yes	Business case to be developed for covered barn at a strategic location to be determined in the East of Moray, in conjunction within a wider depot needs & rationalisation	Roads Maintenance Manager	31 March 2020

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Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				project.		
Key Control: Winter drivers are managed well, taking into consideration UK and EU driving regulations.						
5.2	GPS trackers should be installed as soon as is practicable on all lorries deployed on winter gritting duties.	Low	Yes	A review of fleet need and future replacement of gritting vehicles is ongoing. C Track driver behaviour system to be fitted to new vehicles and to current	Roads Maintenance Manager / Fleet Service Manager	30 November 2019

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Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				vehicles on a phased approach.		
Key Control: System for costing works.						
5.3	The overhead recovery rate for back office functions should be reviewed to ensure it is representative of current costs of administering the winter maintenance service.	Low	Yes	.	Roads Maintenance Manager / Senior Engineer	31 March 2020