

AUDIT REPORT 22'014

ROADS MAINTENANCE - PLANNED

Executive Summary

The annual audit plan for 2021/22 provided for a review to be undertaken of roads maintenance planned repairs. The Roads Maintenance Capital Plan budget for 2021/22 amounted to £4.282 million. This included planned projects for resurfacing, surface dressing programme and footway and drainage works. This is part of an agreed 10 year Capital Plan to address Moray's deteriorating road conditions.

The audit noted the Service had experienced several challenges during 2021/22, including staffing shortages and pandemic health and safety restrictions affecting working practices. This has required the prioritisation of works with an emphasis on the completion of resurfacing and surface dressing works. As a result, it was not possible to complete the footway and drainage work programmes that were originally agreed. However, these projects have been carried forward for inclusion within a future works programme.

The audit scope involved an overview of the capital plan and the selection of individual projects where more detailed audit checks were undertaken. Testing involved a review of the contract management arrangements and how individual schemes are costed, agreed and monitored.

The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

The review has highlighted the following areas for improvement:-

- It was noted that the total cost of works payable for the schemes undertaken by the in house contractor are calculated from established costing arrangements, i.e., Schedule of Rates, Bill of Quantities or actual cost, including oncosts. It was found that changes to individual work rates are determined by a need to ensure the in house contractor meets their operating costs and provides a rate of return. A value for money review should be considered to justify the individual work and oncost rates payable to the in house contractor.
- Evidence of monitoring was found of the Service reviewing the quality, costs, and compliance with conditions of contracts of schemes awarded to contractors. The majority of works are issued to the in house contractor, however, a more structured performance management framework should be considered to ensure best value is achieved.
- Established operating arrangements were found to be in place. However, these have not been documented to ensure working practices adhere to the best contract management procedures.

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: Works met by the capital budget provision follow proper procurement procedures, are monitored effectively and accurately costed.						
5.01	A review of the in-house contractor Schedule of Rates should be undertaken to ensure individual costings provide value for money. As works are also awarded directly to the in house contractor based on a Bill of Quantities, the same requirement should be undertaken. Yearly changes to individual rates should also be reviewed to ensure best value is achieved for the costs charged.	Medium	Yes	Undertake a review of in house Schedule of Rates. Carry out model job pricing comparisons with external suppliers.	Roads Maintenance Manager & Senior Engineer Roads Maintenance	31/03/2023
5.02	Oncost percentages charged on works completed by the in house contractor should be reviewed to ensure the rates	Medium	Yes	Review the oncost percentage rates and	Roads Maintenance Manager & Accountant	31/03/2023

Appendix 4

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
	used reflect the expenditure incurred.			compare with other local authority service providers.		
5.03	Consideration should be undertaken to develop a range of performance indicators to monitor the works undertaken by private and in-house contractors.	Medium	Yes	Develop an internal performance review form to be used and completed following scheme completion.	Network Asset Engineer	31/03/2023
5.04	Operating procedures should be documented to assist officers in managing projects and ensuring working practices follow recommended civil engineering conditions.	Medium	Yes	Develop individual scheme file pack for all internal works over £5k.	Senior Engineer Roads Maintenance & Network Asset Engineer	31/07/2022