



Internal Audit Report
The Environment Service
09/031 – Cycling, Walking & Safer Streets (CWSS) Grant Claim
December 2009

Final Report

Corporate Services
Perth & Kinross Council
2 High Street
Perth PH1 5PH

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Background

This review was carried out in addition to the approved audit plan for 2009/10 and as part of the work undertaken by Internal Audit to certify the grant claim for the period 01 April 2008 - 31 March 2009.

A Grant Offer to the Council is made annually by the Scottish Ministers in exercise of their powers under Section 70 of the Transport (Scotland) Act 2001, on the condition that the grant is only to be used for the purpose of undertaking a programme of capital works for cycling, walking and safer streets projects.

This report has been prepared as there is scope for enhancement of the grant claim's supporting documentation.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of the staff and management who assisted in the grant certification process.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure that there is adequate and appropriate documentation to support the 2008/2009 Cycling, Walking and Safer Streets Grant Claim.	
Auditor's Comments: Whilst all the works carried out by contractors were considered eligible for reimbursement in accordance with the Scottish Government's criteria, and enabled certification of the grant claim, there is scope for enhancement to ensure that supporting documentation is appropriate and complete for payment purposes.	
Strength of Internal Controls:	Moderate

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

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It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Irons, Executive Director (Environment)

J Valentine, Depute Director (Environment)

J Symon, Head of Finance, Corporate Services

B Renton, Head of Performance & Resources

A Olejnik, Head of Public Space Management

C Haggart, Roads Service Manager, Public Space Management

H Hope, Finance & Support Services Manager

P Dickson, Complaints & Governance Officer

M Kay, Senior Committee Officer

External Auditor

Authorisation

The auditor for this assignment was RL Cockwell. The supervising auditor was DA Farquhar.

This report is authorised for issue:

J Clark
Acting Chief Internal Auditor
Date: 7 December 2009

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Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Interim and final measurements.	Medium
2	Payment Certificates.	Medium

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Appendix 2: Action Plan

Action Point 1 - Measurements

The Institution of Civil Engineers (ICE) in its “Civil Engineering Standard Method of Measurement (CESMM)” provides guidance as to how executed work should be valued. However, contrary to this guidance, not all contractors’ Interim or Final Measurements contained evidence that the measurements had been agreed by the Council’s engineer or its authorised representative in accordance with this guidance.

Management Action Plan

A review of current procedures will be carried out to ensure that the standards of the Institution of Civil Engineers (ICE) are followed with particular reference to the documented evidence that should be maintained in support of the valuation of completed works.

Importance:	Medium
Responsible Officer(s):	C Haggart, Roads Service Manager
Lead Service:	The Environment Service
Date for Completion (Month / Year):	July 2010
Required Evidence of Completion:	Extract of the revised procedures relating to the measurement and valuation of completed works.

Auditor’s Comments

Satisfactory

Action Point 2 - Payment Certificates

Whilst the guidance relating to the preparation of payment certificates provided by the Institution of Civil Engineers (ICE) is the industry accepted practice, it was noted that contrary to this guidance, a number of project works carried out and invoiced by contractors were not supported by completed and authorised payment certificates.

Management Action Plan

A review of current procedures will be carried out to ensure that the standards of the Institution of Civil Engineers (ICE) are followed with particular reference to the documented evidence that should be maintained in support of the project works carried out and invoiced by contractors.

Importance:	Medium
Responsible Officer(s):	C Haggart, Roads Service Manager
Lead Service:	The Environment Service
Date for Completion (Month / Year):	July 2010
Required Evidence of Completion:	Extract of the revised procedures relating to preparation and authorisation of payment certificates.

Auditor's Comments

Satisfactory