

Highways Schemes (ITS) - Summary Internal Audit Findings and Recommendations

Annex A

Audit	Background to review	Key findings	Audit opinion	Recommendations for improvement (Priority)
Highways Schemes - Integrated Transport Schemes (ITS)	Each year Surrey County Council (SCC) undertakes around 100 highways improvement schemes for the local area committees. The Integrated Transport Schemes (ITS) amount to approximately £3m per year, with contributions from local committees of approximately £2m, the remaining £1m is funded by SCC from S106 contributions or other funding sources.	<p>The estimated costs of schemes were found to be agreed with the clients, at the beginning of each scheme or project contract. For nine of the ten contracts tested, additional costs were incurred. The Variation Orders (VO's) were authorised within the approved limits in the Standing Orders.</p> <p>Many of the VO's were not priced when they were issued. This results in the additional costs not being known until the contractor prepares their final accounts.</p> <p>There is nothing in the highways contract between Kier and SCC explaining the VO processes. Such a process would confirm who can issue and authorise VO's, provide estimates, obtain the approval of clients, distinguish between 'significant' additional costs and others.</p> <p>The Auditor found difficulty in retrieving some documentation relating to the highways schemes. Most of the communication (especially with the client) is via emails which remain in the employee's email inbox and are not readily accessible.</p>	Some Improvement Needed	<p>Ensure all VO's contain estimated costs when they are issued. Any significant additional costs should be agreed with the client (Local Committee) before the VO is signed. (M)</p> <p>Establish procedure notes for the issue of highways scheme VO's (L)</p> <p>The documentation for the highways schemes should be retained in the relevant scheme folder. (M)</p>

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