



Contract audit of Subway tunnel lining works

Date of meeting 8 September 2023

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Report by Chief Executive

1. Object of report

To advise the committee on the findings of a contract audit of Subway (Modernisation) tunnel lining works. This engagement was included in the annual Internal Audit plan 2023/2024.

2. Background to report

Effective management of the Subway's 10.5km twin tunnel infrastructure is vital to safe and reliable operation. Through an extensive programme of works to the tunnel lining between 2015 and early 2018, SPT was able to deliver improvements to tunnel lining integrity and condition. Thereafter, a further survey and assessment by an external consultant was undertaken and a detailed specification for a contract was prepared to reduce, and improve management of, water ingress through the tunnel lining, reduce risks to in-tunnel infrastructure and services, and reduce associated on-going maintenance costs.

The Strategy & Programmes committee, at its meeting of 28 August 2020, approved the award of a contract to Freyssinet Limited for a five-year term contract for tunnel lining works with a budget of up to £13,000,000 (excl. VAT). Due to mobilisation and administration timescales, work and financial administration commenced in early January 2021. All contractors staff must complete track safety training prior to entering Subway stations and tunnels.

The Financial Regulations and Scheme of Delegated Functions contained within the Governance Manual provide policy and procedural guidance to all staff on creditor payment arrangements.

The objective of this engagement was to review and evaluate the current procedures and monitoring arrangements in place for the provision of the contract for Subway tunnel lining works.

This engagement tested elements of the internal controls and mitigation against SPT19: Unplanned disruption of Subway as identified in the Corporate Risk register.

3. Outline of findings

Comprehensive monthly update meetings are held with the contractor. A designated Project Manager administers the contract in accordance with the prescribed terms and conditions contained there-in.

Engagement testing of the performance management and physical access elements of the contract was found to be satisfactory and has been administered in accordance with the contract terms and conditions.

Engagement testing of the financial administration of the contract was satisfactory with some minor improvements identified, to which management action was taken to address these issues.

Key controls exist and are applied consistently and effectively in most areas included in this engagement. Sound assurance in most areas can be taken from this engagement.

4. Committee action

The Committee is asked to note the contents of this report.

5. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

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Title	Director of Finance & Corporate Support	Title	Chief Executive

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