

## Contract audit of Subway tunnel lining

**Committee**            Audit and Standards

**Date of meeting**    17 March 2017

**Date of report**     6 March 2017

### Report by Assistant Chief Executive (Business Support)

#### 1. Object of report

To advise the committee on the findings of a contract audit of Subway tunnel lining. This engagement is included in the Internal Audit plan for 2016/17.

#### 2. Background

As part of Subway Modernisation, a contract for improvements to Subway tunnel lining was awarded to Freyssinet Limited at the Partnership meeting of 19 December 2014.

The Subway tunnel lining works consist of infilling of voids behind tunnel lining, sealing of water ingress and prevention of ingress of silt/sand, concrete repairs to tunnel lining, re-pointing of brickwork lining joints, re-caulking of cast iron joints and cleaning of tunnel lining.

Works commenced in May 2015 and are scheduled to be complete in 2017.

The objective of this engagement was to assess and evaluate monitoring arrangements for Subway tunnel lining in accordance with the contract terms and conditions.

This engagement tested elements of the internal controls and mitigation against SPT 19: unplanned disruption of Subway.

#### 3. Outline of findings

A designated Project Manager has been appointed to administer the Subway tunnel lining contract.

The project management process demonstrated evidence of key procedures in the monitoring and reporting of both operational and financial matters in relation to this contract.

Engagement testing found that the project has been administered and operated in line with the contract terms and associated delivery plans.

Engagement testing (as at November 2016) identified a requirement to review the arrangements for the monitoring of contractors' ID passes, as part of security and access.

There are areas for improvement, and these areas have been addressed by three audit recommendations. Projects and Subway management have agreed to implement these recommendations, which are currently being actioned.

#### 4. Conclusions

The Audit and Assurance team has undertaken a contract audit of Subway tunnel lining. Areas for improvement have been identified and three recommendations have been agreed.

Key controls exist and are applied consistently and effectively in the majority of areas covered in this engagement.

Reasonable assurance can be taken from the areas covered in this engagement.

#### 5. Committee action

The committee is asked to note the contents of this report and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to a future meeting.

#### 6. Consequences

Policy consequences	<i>None</i>
Legal consequences	<i>None</i>
Financial consequences	<i>None</i>
Personnel consequences	<i>None</i>
Social Inclusion consequences	<i>None</i>
Risk consequences	<i>As detailed in the report</i>

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