



Comhairle nan Eilean Siar
Internal Audit Review
STREET LIGHTING
Final Report –2024/25-23

2 October 2024

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT FINAL REPORT
STREET LIGHTING**

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Date of Visit	July/August 2024
Draft Report Issued	30 September 2024
Management Response Received	2 October 2024
Final Report Issued	2 October 2024

Issued to:	
Chief Executive	Malcolm Burr
Chief Officer-Assets and Infrastructure	Calum Mackenzie
Civil Engineering Manager	Colin Maciver
External Audit	Martin Devenny

SECTION 1: EXECUTIVE SUMMARY

Introduction

1.1 The Report has been prepared following an internal audit review of Street Lighting as part of the operational annual internal audit plan for 2024/25. The purpose of the Report is to provide an overview of the Comhairle's arrangements for the operation and management of Street Lighting. The scope of the audit included a review of the following objectives:

- The organisation demonstrates VFM in all the services provided/supported and evidences that alternatives have been adequately considered, where available and appropriate;
- Up to date policies and procedures are in place within the street lighting function;
- An asset database is maintained containing all street lighting assets and locations, with unique reference numbers assigned and recorded;
- There are approved maintenance and replacement programmes in place which are reviewed periodically with inspections and repairs carried out in line with agreed policies and procedures;
- There is a comprehensive record of all repairs to assist in the production of Statutory Performance Indicators;
- A complaints/fault reporting procedure in place relating to streetlights and this is monitored and maintained in relation to expected practice;
- Stock levels are appropriate and checked periodically;
- Contracts/Service Level Agreements are in place with contracts awarded in line with relevant procurement rules and periodically reviewed as to whether they are providing 'Best Value' for the Comhairle; and
- Staff are adequately trained in the use of specialist equipment to enable them to carry out their job in a safe manner.

Background Information

1.2 The Roads (Scotland) Act 1984, Section 35 empowers a local Roads and/or Highways authority to provide lighting for roads which are maintainable by them and which in their opinion ought to be lit.

The only legal requirement placed on the Comhairle is to maintain streetlights that are in-situ as part of its overarching asset management strategy.

The section employs one area lighting coordinator with the majority of maintenance work undertaken via contractors which have been approved through the Roads and Streetlighting Maintenance Framework.

There are approximately 6854 streetlights across the Western Isles. In order to reach targets for improved carbon emissions LED lights are being installed as budgets allow. Approximately 50% of the assets have been upgraded with work progressing to reach set targets.

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As part of the budget-cutting costs the Comhairle made the decision to reduce the time that streetlights are switched on by an hour in most areas, bringing forward switch-off time in the affected areas from 11pm to 10pm.

There are also areas with exemptions, such as around marine facilities, where current timings will continue unchanged.

Concluding Remarks

- 1.3 Our detailed findings are included in the body of the Report. We would point out that the most significant issues arising from our review which require management attention are:
- Housekeeping issues. (Low)

SECTION 2: RECOMMENDATIONS AND AUDIT OPINION

- 2.1 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the Comhairle if it should occur.

The following table contains the definitions applied by Internal Audit in rating audit findings/actions and the number of recommendations in each rating.

Definition of recommendation	Grade	No.
Major weaknesses that could have a significant impact on the Comhairle if not addressed and contained urgently.	High	
Important issues relating to controls being absent, not operating as expected or could be improved.	Medium	
The weakness is unlikely to have a material impact on the Comhairle. These are not critical but management should address.	Low	3

Where we have identified isolated exceptions in our sample testing, and we consider that they are unlikely to recur; and would have no significant impact if they should occur;

We have classified them as minor or trivial, discussed them with relevant officers and detailed them in Appendix C to the Report.

- 2.2 Based on the audit work carried out our overall opinion is that a **full** level of assurance can be placed upon the control environment of the service/area under review.

Internal control, governance and risk management are of a high standard. A sound system of control to achieve the system objectives exists and the controls are being consistently applied.

It should be noted that our findings and conclusions are based on the information made available to us at the time of our review. There are current limitations in place as a result of a cyber-attack on 7 November 2023. This is likely to have limited our access to documentation prior to this date which requires to be acknowledged when considering the contents of the Report.

Internal Audit
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2 October 2024

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SECTION 3 – FINDINGS, RECOMMENDATIONS AND ACTION PLAN

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
Low 1	Purchase Orders used should be in a sequential order for easier tracking and accountability. The purchase order system in place in the section is shared across the department and we could not account for numbering out of sequence.	Advised that a separate purchase order system should be used for the street lighting function in order for the numbering to be in sequence and more accountable for auditing purposes.	The use of paper purchase orders has been an interim measure to enable continuity of service following the cyber-attack. It is understood that the FMS system is soon to be reinstated so the inherent drawbacks of paper systems will no longer be an issue. Meantime a streetlighting only PO pad will be used.	Area Lighting Coordinator	Oct 2024

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GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
Low 2	<p>Job sheets are generated by the Area Lighting Coordinator (ALC) and provided to the contractor for undertaking works to correct any identified faults.</p> <p>We noted that there have been instances where the contractor has added in extra works. In discussion with the ALC we were advised that these instances happen when the contractor comes across areas where repairs have been identified to be undertaken and the ALC will be made aware of this.</p> <p>We also noted that there are a number of job sheets not signed off by the contractor or by the ALC.</p>	<p>Job Sheets must be signed off by the Contractor and the Area Lighting Coordinator when there are additional works undertaken and for every job sheet completed.</p>	<p>Processes will be amended to facilitate the recording of any additional or unforeseen works undertaken by the contractor which can then be signed off by the ALC.</p>	Area Lighting Coordinator	Apr 2025

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GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
Low 3	We identified that expenses are claimed when the contractors are working off island mainly relating to accommodation expenses. We would have expected that receipts would be submitted to allow the Comhairle to authorise and reimburse such expenses.	All expenses incurred by the Contractor when off island must be provided to the Comhairle prior to any payment being made.	Invoicing for inter-island works will be broken down to detail works, travel and accommodation costs. This requirement will be incorporated into the next framework's conditions.	Area Lighting Coordinator	Oct 2024

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT

Responsibility in Relation to Internal Controls

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

It is the responsibility of the Comhairle's management to consider the detailed findings of this Report, where such findings have a specific impact on risk registers. This may include a risk that has not yet been identified, or current risk controls which may be required to be updated to reflect any changes as a result of the findings contained in this report.

Responsibilities in Relation to Fraud and Corruption

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

DEFINITION OF AUDIT OPINIONS AND RATINGS

The standard definitions for internal audit assurance over an engagement are as follows:

Level of Assurance	Definition
Full Assurance	Internal control, governance and risk management are of a high standard. A sound system of control to achieve the system objectives exists and the controls are being consistently applied.
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS

ITEM	ISOLATED EXCEPTION	RESPONSIBLE OFFICER	AGREED Y/N	DATE OF DISCUSSION