ITEM No …8…….…..

REPORT TO: SCRUTINY COMMITTEE - 24 APRIL 2024

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 109-2024

1.0   PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee a summary of the Internal Audit Reports finalised since the last Scrutiny Committee.

2.0   RECOMMENDATIONS

Members of the Committee are asked to note the information contained within this report.

3.0   FINANCIAL IMPLICATIONS

None

4.0   MAIN TEXT

4.1.   The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. On completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to management for a formal response and submission of management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by management.

4.2.   Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above since the last Scrutiny meeting are provided at Appendix A. The full reports are available to Elected Members on request. Reporting in Appendix A covers:

Audit	Assurance level
The Planning Scotland Act 2019	Comprehensive
Fleet Minimum Service Levels	Substantial

4.3.   A new format and style of report, including updated assurance levels and action priorities, was introduced during 2023. Draft reports issued before 28 June 2023, will remain in the previous style but the assurance levels and action priorities will be updated before finalisation to maintain continuity in reporting during the 2023/24 audit year. This report contains a report from each style.

5.0   POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6.0   CONSULTATIONS

The Council's Leadership Team have been consulted in the preparation of this report.

7.0   BACKGROUND PAPERS

None.

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR   **DATE: 29 MARCH 2024**

i) INTERNAL AUDIT REPORT 2022/13

Client	City Development
Subject	The Planning (Scotland) Act 2019

Executive Summary

Introduction

The Planning (Scotland) 2019 Bill was passed by the Scottish Parliament on the 20 June 2019 and received royal assent on the 25 July 2019, thereafter, becoming the Planning (Scotland) Act 2019. This Act amends the primary planning legislation, The Town and Country Planning (Scotland) Act 1997.

The Scottish Government's website states that "the Planning (Scotland) Act 2019 is part of a wider programme of reforms to the planning system as a whole, responding to the independent review of planning, which includes changes to secondary legislation made under existing powers as well as non-legislative changes. Some of the key aspects of the 2019 Act are its provisions in relation to the system of development plans; the opportunities for community engagement in planning; the effective performance of planning authorities' functions; and a new way to fund infrastructure development." Whilst the Act sets out the changes to the Planning System, secondary legislation / regulations are required to implement the changes and to set out transitional arrangements. Whilst some of the changes arising from the Act have already been introduced, Commencement Regulations are currently being progressed to bring some of the more fundamental changes into force.

The City Development Planning Division is currently responsible for preparing and monitoring the implementation of the Dundee Local Development Plan and supplementary guidance and assists in the preparation of the National Planning Framework and Regional Spatial Strategy land use planning documents. The Planning Division is also responsible for undertaking the Housing Land Audit, Business Land Audit and Vacant and Derelict Land Survey. It also produces frameworks, strategies and other plans and also determines all planning, listed building consent, conservation area consent, advertisement consent, hazardous substance consent, tree works applications and planning enforcement service and offers pre-application advice. Much of the development planning work the Planning Team does requires support from colleagues in City Development (for example Transportation and Engineers) and Neighbourhood Services (for example Housing and Environment). The introduction of the 2019 Act will have implications in relation to these responsibilities and will place additional duties on the Planning Team and other services within the Council.

At the time of the audit fieldwork the Executive Director of City Development had submitted two reports to the City Development Committee to update Elected Members on the key implications of the Planning (Scotland) Act 2019 for Dundee City Council and to provide an update on its implementation.

Conclusion

Comprehensive Assurance
The system of controls is essentially sound and supports the achievement of objectives and management of risk. Controls are consistently applied. Some improvement in relatively minor areas may be identified. The audit fieldwork was completed in late 2022 but was not reported due to other work being prioritised. The audit had a positive outcome, and no recommendations were made to be considered by management. While no recommendations have been made, the service have identified a risk to future requirements arising under the Act, in terms of recruiting to the team to deliver these. Internal Audit can confirm that the Council's Planning Division: • Have put in place necessary arrangements for the implementation of the parts of the Planning (Scotland) Act 2019 which have commenced as of December 2022. • Are effectively monitoring the implementation of the various parts of the Planning (Scotland) Act 2019 and have been actively involved in the consultation process around the changes arising from the Act. • Have considered the financial implications of the changes arising from the implementation of the Planning (Scotland) Act 2019 and have put forward some potential solutions.

(ii) INTERNAL AUDIT REPORT 2023/04

Client	City Development – Sustainable Roads and Transport
Subject	Fleet Minimum Service Levels

Executive Summary
Conclusion

Substantial Assurance

The processes examined within the scope of the audit for the management of the fleet are robust, and designed to ensure that the fleet capacity and capability are available to Services as required.

The review observed issues with fleet planning within services that are outside the scope of the review. These have not been taken into account in providing the assurance level for this audit. Addressing the issues will make the planning process more economic and efficient and this is currently being taken forward by officers.

Background

The Corporate Fleet Team within the Sustainable Transport & Roads Service is a support service which manages and maintains the Council's fleet assets. The Corporate Fleet is predominantly owned by the Council and consists of around 770 vehicles (comprising cars, vans, HGVs, minibuses, and tractors) in addition to a large number of items of plant and equipment.

In addition to the programme of fleet renewal, the Corporate Fleet Team must ensure that the Council complies with licencing requirements, including the Council's Operator's Licence and DVSA regulations for commercial vehicle drivers. Management of the fleet encompasses procurement and disposal of assets, maintenance & servicing, and completion of MOT tests.

The safe and legal operation of the fleet supports the delivery of Council services and objectives across a range of Services. The Corporate Fleet Team contributes to specific Council performance indicators in relation to carbon emissions and the transition to an electric vehicle fleet, and service redesign objectives particularly in relation to waste services. In order to do so, it is necessary for the Corporate Fleet Team to engage with services to ensure that the necessary vehicle capacity and capability is available when it is needed.

Scope

Review of the arrangements in place within Corporate Fleet to provide vehicles to other service areas including contingency arrangements in the event of planned maintenance and breakdown.

The scope of the review did not include the processes by which Services assess the required fleet profile to deliver their service objectives within available resources.

Objectives

		Action Priority			
		C	**H**	**M**	**L**
Review the arrangements to ensure that Services provide relevant information to the Corporate Fleet Team on a timely basis	**Substantial Assurance**	-	-	1	-
Confirm that delivery plans are in place to ensure that the right vehicles are available to Services, at the right time	**Substantial Assurance**	-	-	1	-
Review the contingency arrangements to ensure that the impact of maintenance and breakdowns on service delivery is minimised	**Substantial Assurance**	-	-	1	-
TOTAL		-	-	3	-

Definitions of levels of Assurance and Action Priorities are set out at Appendix B.

Key Findings

While not within the scope of the review, we observed that Services do not currently have a well-developed approach to determining the fleet capacity and capability required to meet their service objectives within available resources. As a consequence, information provided to the Corporate Fleet Team primarily focuses on maintaining existing numbers of vehicles and replacing end-of-life vehicles on a like for like basis, rather than seeking to rationalise this within the overall available budget.

An exercise is presently underway as a part of budget reviews to examine the fleet requirements across Services and how these can be rationalised to reduce the costs incurred in providing services through more strategic utilisation. This will also review the current methodology for recharging fleet to services and external bodies. On that basis we have not made any recommendations on this matter.

We identified a number of areas of good practice:

- Well defined communication channels between Services making use of the fleet and the Corporate Fleet Team have been implemented, with regular meetings taking place, and provision for the availability of fleet utilisation information.

- The Fleet Management System maintains a schedule of vehicle maintenance and inspection requirements. This provides comprehensive and effective oversight of compliance requirements.

At time of fieldwork, work was progressing to implement the following planned developments, and we have presented our findings taking these into account:

- The Plant and Vehicle Asset Management plan was in the process of being updated and has been replaced by the Fleet Asset Management Plan 2023-2028 approved by the Fair Work, Economic Growth, and Infrastructure Committee on 20 November 2023.

- There is a Service Level Agreement in the course of being drafted, which aims to establish a baseline set of assumptions around which both the Corporate Fleet Team, and the Services using fleet vehicles, can plan.

We have identified the following areas for improvement:

- The nature and extent of the information which the Corporate Fleet Team requires from Services, and vice versa, has not been clearly defined. Services have not articulated the assumptions they have used in planning their fleet deployments and Service plans and communicated these to the Corporate Fleet Team. The Service Level Agreement being developed should address the information which should be made available by the Services and the Corporate Fleet team, and the timescales on which this should be provided.

- Though the schedule of required maintenance and inspection for a particular vehicle is known, this information is not easily available or made available to Services. There is no agreed notice period in instances where Services are required to make a vehicle available to the workshop for essential maintenance or compliance inspection.

- There is no approach within Services to quantifying the cost of disruption arising from vehicle unavailability, meaning decisions to make use of contingency arrangements such as hire are not made on a Best Value basis. Contingency arrangements should only be used where it is clear that doing so is cost effective, and Services should plan fleet deployments with the aim of ensuring that contingency is not required. The Corporate Fleet Team should provide Services with illustrative information setting out the scope and cost of available contingencies in the circumstances where this is considered unavoidable. Services should factor these into their plans for service delivery.

Impact on risk register

Service risk registers included, at time of the audit, the following risks:

- **CDRT016** – Quality of Service (residual risk score 3x2)
- **NSHL011** - Waste/Recycling (residual risk score 4x3)

The impacts of risks arising from matters of fleet management are primarily related to the ability of the Council to deliver services. In the event that Services do not have sufficient, appropriate fleet capacity at a given point in time the outcome is that they are not able to deliver services on time or as required.

We noted that the Roads and Transportation risk register identifies mitigating controls related to the risk of vehicles becoming unavailable. These relate primarily to prevention and mitigation of instances in which vehicles are not available as a consequence of being out of compliance with statutory requirements such as MOT inspections or Operator's Licence requirements for large vehicles.

Services making use of fleet vehicles do not appear to have specifically identified lack of availability of fleet vehicles as an event that may impact on service delivery, and as a consequence, processes for the management and deployment of fleet vehicles are not identified as mitigating controls. Services should identify the impact of vehicle availability upon their ability to deliver Service objectives and consider whether this should be reflected on their Service risk register. Inclusion on the Service risk register should prompt consideration of whether their internal processes for administering their use of fleet vehicles are adequate to appropriately mitigate the risk.

Definitions of Levels of Assurance

Comprehensive Assurance	The system of controls is essentially sound and supports the achievement of objectives and management of risk. Controls are consistently applied. Some improvement in relatively minor areas may be identified.
Substantial Assurance	Systems of control are generally sound, however there are instances in which controls can be strengthened, or where controls have not been effectively applied giving rise to increased risk.
Limited Assurance	Some satisfactory elements of control are present; however, weaknesses exist in the system of control, and / or their application, which give rise to significant risk.
No Assurance	Minimal or no satisfactory elements of control are present. Major weaknesses or gaps exist in the system of control, and / or the implementation of established controls, resulting in areas of unmanaged risk.

Definitions of Action Priorities

Critical	**Very High-risk exposure to potentially major negative impact** on resources, security, records, compliance, or reputation from absence of or failure of a fundamental control. Immediate attention is required.
High	**High risk exposure to potentially significant negative impact** on resources, security, records, compliance, or reputation from absence of or non-compliance with a key control. Prompt attention is required.
Medium	**Moderate risk exposure to potentially medium negative impact** on resources, security, records, compliance or reputation from absence or non-compliance with an important supporting control, or isolated non-compliance with a key control. Attention is required within a reasonable timescale.
Low	**Low risk exposure to potentially minor negative impact** on resources, security, records, compliance, or reputation from absence of or non-compliance with a lower-level control**, or areas without risk exposure but which are inefficient, or inconsistent with best practice.** Attention is required within a reasonable timescale.