

REPORT TO: SCRUTINY COMMITTEE – 17 APRIL 2019

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 152-2019

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. Broadly, on the 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 are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Elected Members and management with key information which includes the reason for undertaking the review, a summary of financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of management's response to the audit report. The full reports are available to Elected Members on request.

5.0 POLICY IMPLICATIONS

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance and Head of Democratic and Legal Services have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None

Pamela Redpath, Senior Manager – Internal Audit

DATE: 27 March 2019

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i) INTERNAL AUDIT REPORT 2018/05

Client	Corporate
Subject	Fleet Management

Introduction

The Council's fleet is in the region of 700 vehicles, including a number of electric vehicles. The Council also manages the maintenance of approximately 500 items of plant. Neighbourhood Services operates a significant number of these vehicles, including those used for waste collection and disposal, construction services, horticultural services and personnel transport.

The Fleet Service is part of Roads and Transportation within the City Development Service, and is responsible for licensing, checking and maintaining the Council's vehicle fleet.

As an operator of goods vehicles, the Council is required to hold an Operator's Licence which is renewed every five years. This requires the Council to commit to various undertakings, including compliance with the Driver and Vehicle Standard Agency's (DVSA's) "Guide to Maintaining Road Worthiness" and "Rules on Drivers' Hours and Tachographs – Goods vehicles in the UK and Europe (GV262)".

The Council has arrangements in place to ensure that all vehicles are appropriately taxed, insured and maintained in accordance with regulations. These arrangements include a vehicle assurance process whereby an independent external body, the Freight Transport Association (FTA), performs compliance checks throughout the year to check the roadworthiness of a sample of vehicles, assess the maintenance carried out by Fleet Management mechanics and review the monitoring of MOT certificates and Operator Risk Compliance Scores (ORCS) through TranMan, the Council's Fleet Management system.

The Fleet Manager oversees a risk-based system for confirming that drivers of Council vehicles hold valid driving licenses, whereby the licenses of drivers of heavy goods vehicles are confirmed more frequently than the licenses of employees using the "grey fleet" (officers using their own car for business purposes).

In June 2018 Internal Audit issued an internal audit report on the Council's Occupational Road Risk Policy and Guidance which focussed on employees who drive on Council business.

Scope and Objectives

Review of the arrangements in place for licensing, checking and maintaining Neighbourhood Services' vehicle fleet, including Construction Services, to ensure compliance with the regulatory system for commercial vehicles.

Conclusion

The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.

The main areas highlighted in the report are as follows:

- Whilst the Council's Fleet Management practices are compliant with the DVSA's Guide to Maintaining Roadworthiness, there are no documented procedures in place detailing the Council's Fleet Management arrangements. In order to reduce the risk of necessary activities not being appropriately performed, it is recommended that formal procedure documents are compiled detailing all of the inspection, maintenance, servicing and licensing working practices to be followed. The documents should refer to the legislative requirements and the activities that require to be performed to meet those obligations.
- The reporting of overdue vehicle services should be adapted in TranMan to make it clear if a vehicle is in breach of DVSA guidance on service timings. To assist this, the Fleet Manager should review the outstanding service items on a monthly basis to ensure that all Council vehicles continue to receive a service on an annual basis.

i) INTERNAL AUDIT REPORT 2018/05 (Cont'd)

Client	Corporate
Subject	Fleet Management

Conclusion (Cont'd)

- Procedures should be put in place to ensure that drivers are completing a daily walk around of their vehicle and completing the Vehicle Daily Check Form as required. This should involve supervisory/management checks by responsible managers under the requirements of the occupational road risk policy and task monitoring.
- To reduce the risk of FTA actions being omitted and demonstrate that they have been appropriately addressed, an audit log and action plan should be maintained with responsible officers and timescales being assigned to each. In addition, evidence should be retained to support the implementation of each action.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of City Development and appropriate action agreed to address the matters raised.