

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	12 March 2014
OFFICER	Maggie Gibb, Internal Audit Manager David Skinner, Director of Finance and Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Final Audit Reports
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update Members of the Overview and Audit Committee on the findings of the finalised Internal Audit reports. One report has been finalised since the last meeting and is attached in full for the Committee's information</p> <p>This report includes one annex: Annex A: 2013/14 Fleet Management Final Report</p> <p>The recommendations have all been agreed with management and suitable deadline dates for implementation have been identified. Internal Audit will monitor implementation of the recommendations as they fall due.</p>
ACTION	Information.
RECOMMENDATIONS	That Members note the recommendations raised in the finalised Internal Audit report.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within 2013-14 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
HEALTH AND SAFETY	There are no health and safety implications arising from this report.

EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.
USE OF RESOURCES	Communication and progress monitoring All audits, follow up reports and further updates will be submitted to this Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plan 2013/14 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: 2013/14 Fleet Management Final Report.
TIME REQUIRED	5 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

AUDIT AND RISK MANAGEMENT

INTERNAL AUDIT REPORT

BUCKINGHAMSHIRE & MILTON KEYNES FIRE AUTHORITY

Fleet Management Audit - Pool & Station Vehicles

October 2013





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Audit Control:

Closing meeting:	21 st August 2013 & 13 th September 2013
Draft report:	22 nd August 2013 (revised 16 th September)
Management responses:	5 th September 2013 (revised 18 th September)
SMT sign off:	15 th October 2013
Final report:	22 nd October 2013

Auditors:	Rebekah Ibberson David Gibson	Principal Auditor Auditor
Report Distribution:	David Skinner David Sutherland Jez Finden	Director of Finance & Assets Resource Manager Fleet Manager
Final Report as above plus:		Chief Fire Officer Chair, Bucks and Milton Keynes Fire Authority Ernst & Young

1. Executive Summary

1.1 Overall Audit Opinion

In our opinion **Reasonable** assurance can be provided that relevant risks are effectively identified, managed and controlled.

1.2 The overall audit assurance is made up of three supporting judgements:

- a) Our assurance on the adequacy of the risk management techniques employed within the auditable area is **Reasonable**. This relates to the extent to which relevant risks have been identified, monitored and managed.
- b) Our assurance on the adequacy of the existing control framework to reduce identified risks to an acceptable level is **Reasonable**.
- c) Our assurance on the adequacy of compliance with the existing control framework is **Reasonable**.

1.3 The Fleet Management function is responsible for both planned and responsive maintenance and repairs to the fleet stock of the fire authority.

Responsibilities for station and pool vehicles are held locally with Heads of Departments. There is no consistent approach to the booking in and out of pool vehicles across the authority.

The Fire Authority has just undergone a strategic review of their ICT, Fleet and Property functions and are in the process of creating and implementing a Fleet Strategy and reviewing the white fleet.

Currently there is no embedded periodic monitoring and review of the utilisation of the fleet to ensure that it meets the requirements of the authority and its users.

The Fleet Management and work-related road safety policies and procedures require review and update to reflect strategy changes and provide more robust guidance on the utilisation of the fleet.

1.4 In addition to the findings summarised below, we also found the following examples of good practice:

- Fuel stocks are reviewed and topped up as required on a monthly basis; and
- Fleet records are adequately stored



- 1.5 Some areas for improvement were identified. All High recommendations are listed below:
- The Fleet Management and work-related road safety policies and procedures require review and update.

1.6 Recommendations summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within Fleet Management.

Progress in implementing these recommendations will be tracked and reported to the Overview & Audit Committee.

Business Objective	Risk	Recommendations		
		High	Medium	Low
Policies and Procedures	<ul style="list-style-type: none"> Fleet management may not be effectively managed in the absence of procedural documentation; Fraudulent, invalid and/or incorrect claims are made on the usage allowance and maintenance of the vehicle; Employees may not have a business need or are not contractually required to have a business car: and Lack of or inadequate guidance on use of fleet vehicles, including roles and responsibilities, resulting in inconsistent or inefficient allocation of fleet vehicles. 	1	1	0
Management Controls and Monitoring	<ul style="list-style-type: none"> Fleet vehicles are allocated to/used by staff who do not meet the defined criteria; Lack of or inadequate process in place to monitor the use of fleet vehicles. Business miles are not accurately recorded or reimbursed to staff 	0	2	0



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Vehicle security, maintenance and Insurance	<ul style="list-style-type: none">• Additional fines are incurred if vehicles are not maintained or serviced correctly according to Lease contract terms;• Fleet vehicles are not held securely overnight or in non-core business hours and are therefore subject to theft;• Vehicles and registration details are not held securely and are therefore subject to theft;• Fleet vehicles do not display a valid current road tax disc, resulting in reputational damage; and• Insurance claims cannot be made due to inadequate insurance cover and documentation for all vehicles.	0	0	0
TOTAL		1	3	0

The detailed findings are summarised in Section 3 of this report. All findings have been discussed with the Fleet Manager who has agreed all the recommendations and produced an action plan to implement them.

- 1.7 There were aspects of this audit which were considered to have value for money implications for the Authority or which indicated instances of over control. Any relevant findings will have been included in the findings and recommendations section of this report.



2. Background

- 2.1 The audit review of Fleet Management Audit formed part of the agreed audit programme for 2013/14. The review was carried out during Quarter 1 and 2.
- 2.2 The Fleet Management audit was categorised as medium risk as part of the audit needs assessment exercise based on its relative importance to the achievement of the Authority's corporate objectives. The Authority's objective for the area is to ensure that the controls in place over the use of pool vehicles and compliance with the Fleet Management Policy support the White Fleet Review. The objective of our audit was to evaluate the area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. A detailed summary of the scope of this review can be seen in Appendix A.
- 2.3 The Fleet Management audit was conducted reviewing the systems and procedures at Brigade Headquarters in the Workshop, ICT and Facilities and at Broughton Fire Station.



3. Recommendations and Action Plan

The control description column details the actual controls that should be established to mitigate identified risk. The Findings & Consequences column details the results of analysis and tests carried out.

The priority of the findings and recommendations are as follows:

High immediate action is required to ensure that the objectives for the area under review are met.

Medium action is required within six months to avoid exposure to significant risks in achieving the objectives for the area under review.

Low action advised within 9 months to enhance control or improve operational efficiency.

	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
	Key Risk Area	Policies and Procedures			
1	A Fuel Recharges, Pool Cars and Completion of Expense Claims procedure and a Managing Work-related Road Safety procedure is in place.	<p>Audit reviewed the Fuel Recharges, Pool Cars and Completion of Expense Claims procedures and the Managing Work-related Road Safety procedure.</p> <p>From review of the Fuel Recharges, Pool Cars and Completion of Expense Claims policy we noted insufficient detail with regard to the following:</p> <ul style="list-style-type: none"> procedures for booking out a pool car including the drivers name and contact number procedures for booking back in a pool car employees who can use the pool cars, 	The Fuel Recharges, Pool cars and Completion of Expense Claims procedures and the Fleet Management and Work-related Road Safety procedure will be reviewed and updated as part of the Fleet Review and published on the shared drive and intranet.	High	<p>Recommendation Agreed: Y</p> <p>Response: :</p> <p>The Fuel Recharges, Pool Cars and Completion of Expense Claims procedure and the Managing Work-related Road Safety procedures will be reviewed and updated as appropriate to reflect the changes arising</p>



	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
		<p>i.e. does this include temporary, agency and contract staff</p> <ul style="list-style-type: none"> • that the terms and conditions of use of the pool car should be read and understood prior to a booking • any limitations on usage, for example not to be used out-of-county, to transport family members, and no smoking within the vehicle • the procedure refers to what is considered to be incidental private use, but does not clearly state that pool cars should not be used for private use and are intended to facilitate business activities. • No permissions are in place for pool cars and vans to be taken home, to ensure that it does not conflict or cause difficulties for subsequent bookings. Furthermore, it does not clarify the responsibilities for taking a vehicle home, for example, where possible the car should be parked on a driveway etc. • The procedure does not make it clear that any speeding, parking and other traffic offences are the responsibility of 			<p>from the Fleet Review.</p> <p>The detail of the booking procedures for pool cars will be captured in one procedural document, see management response to finding 2.</p> <p>Who to be actioned by: Fleet Manager When to be actioned by: 31st March 2014 – To allow for completion of the next part of the White Fleet Review</p>



	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
		<p>drivers.</p> <ul style="list-style-type: none"> • that the pool car is kept in a clean and tidy state. • where faults, defects or damage caused should be recorded and reported • Details of finish time and mileage to be recorded by the driver on the vehicle log sheet • that any damage to vehicles not covered under the authority's insurance will be charged to cost centres. The sanctions for persistent neglect, for example, may result in refusal to accept further bookings from offending drivers. • that ICT equipment should not be left unattended in vehicles. Any other equipment and personal valuables should be hidden from view when the vehicle is parked. The BMKFA is not liable for losses of money or personal effects. • clarification on returning car keys and fuel cards out of hours. • how to cancel a booking 			



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	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
		<ul style="list-style-type: none"> no cross-reference is made to the Managing work-related road safety procedure <p>The Fuel Recharges, Pool cars and Completion of Expense Claims procedure is overdue its review date of 31st January 2012.</p> <p>The Managing Work-related Road Safety procedure contains insufficient detail with regard to the following:</p> <ul style="list-style-type: none"> driver checks: no guidance is provided in respect to drivers with penalty points or driving convictions <p>We noted through interviews with officers that there is a lack of awareness of the policies.</p> <p>Where policies and procedures are not sufficiently documented there is a risk that the utilisation of the fleet could be open to misuse.</p>			
2	Vehicle log books are maintained and held with the vehicle to record	Audit reviewed the booking out and in procedures for pool cars across four units at BHQ Facilities, ICT and the Workshop, and	Documented procedures for booking out and in pool vehicles will be in place and applied	Medium	<p>Recommendation Agreed: Y</p> <p>Response:</p>



	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
	<p>mileage completed.</p>	<p>at Broughton Fire Station.</p> <p>Responsibilities for station and pool vehicles are held locally with Head's of Departments. There is no consistent approach to the booking in and out of pool vehicles across the authority.</p> <p>From our sample review we noted the following issues;</p> <ul style="list-style-type: none"> • Only the BHQ Workshop maintained a signing in and out book recording the movement of pool cars on and off the premises. From review we noted that the book was for all pool vehicles, which made it harder to track the individual movements of each vehicle and review vehicle utilisation. Furthermore, as vehicles were often returned out-of-hours and keys deposited in the secure key box, the vehicle time in would not be recorded. We noted that this was not updated and verified as returned upon retrieval of the keys from the secure key box. We further noted insufficient detail recorded for the destination of the vehicle, for 	<p>consistently across the service.</p>		<p>The booking procedures for pool cars will be formalised in one procedural document, to ensure that responsibilities and expectations are clear. The procedure will be made available on the intranet, and rolled out across the authority.</p> <p>Who to be actioned by: Fleet Manager When to be actioned by: 31st March 2014</p>



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	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
		<p>example “various”, “local area” and “?” and instances where nothing was recorded.</p> <ul style="list-style-type: none"> • A vehicle log book is maintained and held in each vehicle. From review we found instances when the end mileage was not recorded. We noted details of journeys completed did not always contain sufficient detail, for example stating “local”. One of these “local” journeys was for 17 miles. • 3/4 use the outlook system to record when a vehicle is in use. The vehicle calendars available are held in personal outlook accounts and are not available for all officers across the team to review for ease of booking, tracing and monitoring vehicles. <p>Where booking in and out procedures are not clear, consistent and robust there is a risk that the utilisation of pool cars could be open to misuse.</p>			
3	Vehicle log books are maintained and held with the	Through interview with staff we noted that vehicle log books are not reviewed and monitored by management to monitor if the	Vehicle logs will be reviewed by management to ensure compliance with	Medium	Recommendation Agreed: Y



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	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
	vehicle to record mileage completed.	<p>completion of the log is adequate and mileage recorded for journeys detailed is appropriate.</p> <p>Where vehicle mileage and utilisation is not monitored and reviewed there is a risk that the utilisation of pool cars could be open to misuse.</p>	vehicle log procedures, and that mileage recorded is appropriate for the journey details recorded.		<p>Response: Agreed, we will be looking to use Tom-Toms to replace manual records imminently. Who to be actioned by: Workshop Manager When to be actioned by: 31 March 2014</p>
4	White Fleet Review is currently being undertaken.	<p>The white fleet is currently undergoing a review to ascertain if current stock levels are appropriate. There are no routine embedded reviews of the utilisation of station and pool vehicles to ascertain if vehicles are being utilised adequately and appropriately.</p> <p>Audit reviewed the mileage completed during the period 01/01/13 to 12/08/13 for a sample of ten pool vehicles from the fuel usage reports. From our review we noted the following:</p> <ul style="list-style-type: none"> - The lowest mileage recorded for the period reviewed was 1,883 miles. - The highest mileage recorded for the period reviewed was 6,321 miles. 	Vehicle utilisation will be reviewed on a regular basis to ensure that the fleet stock is adequate and appropriate to meet service requirements.	Medium	<p>Recommendation Agreed: Y</p> <p>Response: The new policy approved by the Authority makes clear that 'The Authority will maintain a fleet of pool vehicles. Each vehicle will be provided where it is cost effective to do so and subject to a completed business case for their acquisition being approved by the Director of Finance &</p>



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	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
		<p>- The total mileage for ten pool vehicles was 38,575 miles.</p> <p>Where vehicle mileage and utilisation is not monitored and reviewed there is a risk that the current fleet is not adequate to meet service requirements and may result in wastage through on-costs to service a fleet not in line with demand/need.</p>			<p>Assets. Their continued use and/or allocation to departments, to be the subject of annual review by the Fleet Manager.</p> <p>Who to be actioned by: Fleet Manager</p> <p>When to be actioned by: Initial review is in hand and will be followed by annual review. Given new policy approval this is considered already actioned.</p>

Appendix A

AUDIT SCOPE AND FRAMEWORK

4. Specific Audit Scope

4.1 We have evaluated the area against the following identified risks which we agreed with management:

- Policies and Procedures
- Management Controls and Monitoring
- Vehicle security, maintenance and security

4.2 Following preliminary risk assessments, the following processes were not included within the scope of this review and will be considered for inclusion within future audits of the area:

- Red Fleet
- FDSO and Green Book vehicles
- Grey Fleet

5. Audit Methodology and Opinions

- a. The audit was undertaken using a risk-based methodology in a manner compliant with the CIPFA Code of Practice. The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope. Where we consider that a risk is not being adequately managed, we have made recommendations that, when implemented, should help to ensure that the system objective is achieved in future and risks are reduced to an acceptable level.
- b. The matters raised in this report are only those, which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the risks that exist or all improvements that might be made.
- c. Each audit will result in an overall ‘audit assurance’. A detailed summary will be provided to the Overview and Audit Committee for all ‘limited’ assurance opinion reports. The range of audit opinions is outlined below:

ASSURANCE	SUBSTANTIAL	REASONABLE	LIMITED
Adequacy of risk management techniques employed within the area.	Thorough processes have been used to identify risks. Action being taken will result in risks being mitigated to acceptable levels. No more monitoring is necessary than is currently undertaken.	The action being taken will result key risks being mitigated to acceptable levels. Some additional monitoring is required.	No action is being taken, OR insufficient action is being taken to mitigate risks. Major improvements are required to the monitoring of risks and controls.
Adequacy of the existing control framework to reduce identified risks to an acceptable level.	Controls are in place to give assurance that the system’s risks will be mitigated.	Most controls are in place to give assurance that the system’s key risks will be managed but there are some weaknesses.	The control framework does not mitigate risk effectively. Key risks are not identified or addressed.
Adequacy of compliance with the existing control framework.	The control framework is generally complied with. Emerging risks are identified and addressed in a timely manner.	Compliance with the control framework mitigates risk to acceptable levels, except for the risks noted.	Compliance is poor so risks are not being mitigated to acceptable levels and it is probable that some objectives will not be, OR are not being achieved.

- d. The responsibility for a sound system of internal control rests with management. Internal audit procedures are designed to focus on areas identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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