

**BUCKINGHAMSHIRE COUNTY COUNCIL
INTERNAL AUDIT AND RISK MANAGEMENT**

FINAL INTERNAL AUDIT REPORT

Fleet Management 2017/18

Date Issued: July 2017



CONTENTS

Section	Page
Management Summary	3
Overall Conclusions (Table 1)	5
Audit Findings and Action Plan (Table 2)	8
Low Priority Issues (Table 3)	10
Definition of Conclusions (Appendix 1)	11
Officers Interviewed (Appendix 2)	12

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Auditors:	Maggie Gibb Rachel Shovell Mark Lockyer	Head of Business Assurance (and Chief Internal Auditor) Audit Manager Auditor
Report Distribution:		
Draft Report	Jez Finden David Sutherland	Fleet Manager Director of Finance & Assets
Final Report as above plus:	Jason Thelwell Roger Reed	Chief Fire Officer Chair, Bucks and Milton Keynes Fire Authority External Audit

Management Summary

Introduction

This audit of Fleet Management, BMKFA was undertaken as part of the 2017/18 Internal Audit plan as approved by the Overview and Audit Committee. The audit was undertaken during the first quarter of 2017/18.

The prime purpose of the Fleet Service within Buckinghamshire Fire and Rescue Service is the supply and maintenance of vehicles and associated major operational equipment which meet: user and stakeholder needs; Fire and Rescue Service strategies and legislative requirements.

Bucks Fire and Rescue Service has a variety of fleet assets located at 22 locations including Unit 7 and the Fleet Workshop. The majority of these vehicles are located at the Service's 20 Fire Stations.

The Fleet Manager is responsible for the day to day management of the fleet, fleet supply and fleet maintenance.

Audit Objective

Internal Audit's objectives for this audit are to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls that are in place to manage and mitigate financial and non-financial risks of the system.

This will serve as a contribution towards the overall opinion on the system of internal control that the Chief Internal Auditor is required to provide annually. It also provides assurance to the Section 112 Officer that financial affairs are being properly administered.

Scope of work

The audit activity focused on the following key risk areas identified in the processes relating to Fleet Management:

Fleet Supply

- The replacement, purchase and disposal of vehicles is compliant with the Fleet Strategy, Contract Standing Orders and managed within agreed capital budgets.

Fleet Management

- The fleet is managed in accordance with agreed policies and procedures.
- Vehicles are used for authorised purposes only.

Fleet Maintenance

- Fleet is maintained in accordance with statutory and Fire Service requirements.
- The Tranman system is used effectively for the maintenance and management of vehicles. Additionally the Audit will review whether the Tranman system is still fit for purpose.

The audit considered the controls in place at the time of the audit only. Where appropriate testing was undertaken using samples of transactions that occurred within the last 12 months.

Table 1 Overall Conclusion

Overall conclusion on the system of internal control being maintained	Substantial
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RISK AREAS	AREA CONCLUSION	No of High Priority Management Actions	No of Medium Priority Management Actions
Fleet Supply	Substantial	-	-
Fleet Management	Substantial	-	-
Fleet Maintenance	Reasonable	-	1
		-	1

Appendix 1 provides a definition of the grading for each of the conclusions given.

The overall conclusion of substantial assurance for the Fleet Management audit was concluded as there were no significant weaknesses in the control framework for the areas reviewed as part of this audit. There was an area for improvement in relation to the system management and training of staff to understand and fully utilise the system capabilities available to them. This should help to achieve added value for money in the delivery of fleet management as a service and allow for a consistent and reliable approach in which comfort can be held on the integrity of the data captured and used within the Tranman system.

Fleet Supply

There is a detailed Fleet Management Strategy available for 2014-17, with a new strategy to be developed and implemented prior to the end of 2017. The strategy provides an overarching guidance and direction that the service is taking in relation fleet management. This includes the collaboration with the Oxfordshire and Royal Berkshire Fire & Rescue Services.

Where the Service requires a new fleet vehicle, they are able to utilise the collaboration to achieve value for money in their purchase and hold a greater bargaining power and efficiency through economies of scale. This has allowed the Service to purchase under a more effective framework and maintain control on both quality and price.

Where assets are to be disposed, if they hold a net book value greater than £2,500, they require senior approval for the disposal. Should the value be under £2,500, the asset may be disposed of without further approval. Review of three disposals since January 2017 confirmed that there was an appropriate authorisation for the disposal in all cases, including one scrappage of a vehicle worth £4,000 where the Director of Finance and Assets has approved the scrappage.

Fleet Management

Fuel Keys are assigned to the designated fleet vehicles which allow the vehicle to be topped up with fuel from one of the services pumping stations. The fuel keys are assigned to the vehicle through a management system. When the keys are not assigned to a vehicle, they are stored in a secured cabinet within the main office. The keys are also locked and cannot be used if taken out of the cabinet for any reason. This prevents unauthorised use of the pumping stations with unassigned fuel keys. Where fuel keys are assigned to lease vehicles, the fuel claimed is recharged against the officers pay two months after the transaction was completed. The officer is able to reclaim their work mileage through the expenses scheme.

All officers are provided with an ID Fob which is required to be used when driving the pool cars. Where an ID fob is not used, an alarm like sound is made on the vehicle to remind officers to use their fob. The journey is also tracked, and an email notification sent to the Senior Administrator who will follow up on journeys where an ID fob has not been used. This is then recorded in a monitoring spreadsheet. The ID fobs are used to monitor the vehicle in cases of speeding/collisions, with the Service being able to identify who the driver was at the time of the alleged activity. The fobs are not used to monitor driving habits or speed.

Lease Vehicles may be ordered and provided to officers who are eligible to have one. This is paid for through a contribution scheme from their salary. The Fleet Manager will provide log-in details to the leasing website for the officer to obtain the necessary quotes to identify their chosen vehicle. Once a vehicle has been found, an application form is submitted to the Officers Senior Manager and the Fleet Manager. The Senior Manager will authorise the officers eligibility to have a lease vehicle, and the Fleet Manager authorising the eligibility of the vehicle chosen, to ensure it is fit for purpose and in line with the Car Lease Scheme.

Pool Car bookings are managed through an outlook calendar where officers will request the use of vehicles for business related journeys. These are managed and placed within the calendar retaining the key information such as the driver details, the date and time required, and the reason for the request. The system works on a first come, first served basis; with the exception of emergencies. Review of the bookings system on outlook confirmed that bookings are made on a frequent basis and include the location and reason for lease car request.

During the review of the fleet management process, it was identified that there are a number of procedural guidance notes available for staff. These include the Pool Car Management, and Officers Car Lease Scheme guidance notes. Both process guidance notes were due for review in September 2016, but have yet to be reviewed. It was confirmed that the current notes are still applicable with no changes in the processes being made since the expiration of the guidance. The Service should ensure that guidance notes are reviewed in line with the review process and amended as required, including the next review date where processes remain the same. This will help to ensure process notes are not overlooked and reviewed on a periodic basis.

Fleet Maintenance

Review of the Tranman system confirmed that the maintenance history is retained on the system, this includes the annual service certificates and safety inspection documentation. Review of five fleet vehicles service history could not identify the latest annual service certificate or safety inspection documentation in two cases. This is as all documents had the same file name “Annual Service” or “Safety Inspection”. The documents reviewed showed historic services; however, the latest versions were unavailable to review.

Staff are provided with training on a periodic basis based on their legislative requirements and funding availability. It was confirmed that the MOT Testers complete an MOT Test on an annual basis in line with their legislative requirement to do so, along with three hours of continued professional education which is self-assessed. The MOT test is completed through the DVSA website, with a pass/fail provided along with a certificate. Technicians were last provided training in November 2015. Training was not delivered in 2016/17 due to the availability of funding to provide refresher courses. There is a training schedule in place for 2017/18 which has received first line approval and should be introduced during the year.

The administrative staff last received training from Tranman in December 2015. This was completed through a one day training event. It was confirmed, by the Fleet Manager, that the training provided covered the whole of the Tranman system, in a short period of time. This led to a lot of information unable to be retained. Since the last training session, there have been a number of staffing changes in the administrative team. This has led to three, of the five persons using the Tranman system, not being trained by the service provider. This has meant that staff are not fully aware of the full system capabilities or able to fully utilise the system as it currently stands. The system holds a lot of functionality, however there have been issues identified during this audit. There are reporting issues through the Crystal Reporting function, along with the data integrity and alignment of processes which have meant reporting functions cannot be fully relied upon to provide up to date and valid information to base decisions upon.

Table 2 Detailed Audit Findings and Action Plan

Management actions have been agreed to address control weakness identified during the closing meeting and agreement of the draft Internal Audit report. All management actions will be entered on the Council’s Performance Management Software and progress in implementing these actions will be tracked and reported to the Regulatory & Audit Committee.

We categorise our management actions according to their level of priority:

Priority High (H)	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Priority Medium (M)	Significant issue that requires prompt action and improvement by the local manager.
Priority Low (L)	Minor issues requiring action to improve performance or overall system of control.

	Audit Finding, risk exposure and potential impact	Priority	Management Action
1.	<p><u>Training and Utilisation of Tranman</u></p> <p>In discussion with the Fleet Manager it was confirmed that the latest Tranman training was delivered circa. December 2015 through a one day training event. This training event covered a large amount of materials in a short period of time and meant that a number of key topics were not covered in their entirety or in sufficient detail to fully absorbed the information to the required standard.</p> <p>Since the training was delivered there have also been a number of staff changes, resulting in three members of staff, from a five person team who use the Tranman system, never being taught the full system and how to use the software from the software provider. This has led to potential under-utilisation of the software and some inconsistencies in the use of the system potentially compromising data integrity and alignment of processes.</p> <p>In addition it was noted that there are current reporting issues through the Crystal Reporting function, which added to the potential inconsistencies in the use of the</p>	M	<p><u>Tranman Review</u></p> <p>Tranman to carry out a review of the current system and its utilisation and offer options for further utilisation of the current system, available ‘upgrades’ and system improvements. This information can then be analysed to ascertain the most appropriate action.</p> <p>Officer responsible: Jez Finden, Fleet Manager</p> <p>Date to be implemented by: 31 August 2017</p>

	Audit Finding, risk exposure and potential impact	Priority	Management Action
	<p>system means reporting functions cannot be fully relied upon to provide up to date and valid information to base decisions upon. Audit acknowledges that the reporting issue is currently being investigated by Tranman.</p> <p>Where training is not provided on a periodic basis, staff may adopted inappropriate, ineffective, and / or out dated working practices.</p>	<p>M</p>	<p><u>Training and Utilisation of Tranman</u></p> <p>Identify training requirements, system improvements and possible upgrades for implementation in 2018/19 (depending on funding requirements).</p> <p>Officer responsible:</p> <p>Jez Finden, Fleet Manager</p> <p>Date to be implemented by:</p> <p>30 April 2018</p>

Table 3 Low Priority Issues

Minor issues to be noted or requiring action to improve performance or overall system of control, which do not present a material risk to the system of control.

	Audit Finding, risk exposure and potential impact	Management Action
1	<p><u>File Storage on Tranman System</u></p> <p>The Annual Service and Safety Inspection documentation should be saved on the Tranman system to maintain a record of service history for all vehicles within the BMKFA fleet. This should be available for easy review of the latest maintenance and works completed.</p> <p>Review of five red fleet vehicle maintenance logs could not locate the latest service certificates for two vehicles. This was as all documents stored on file held a generic name, "Annual Service" or "Safety Inspection". It could not be identified, without opening the documents, which service/inspection the document related to. In the two cases identified, the latest service could not be found on Tranman (Fleet Vehicles 010 and 063).</p> <p>Where files are not appropriately named and recorded, documents may not be located easily at time of review. There is also a risk that documents are not uploaded to the system as on review, it cannot be confirmed what documents are uploaded and which have not.</p>	<p>Action</p> <p>Admin supervisor to devise a unique document identifier for all documents attached in future.</p> <p>Officer responsible: Fleet Manager</p> <p>Date to be implemented by: 30 November 2017</p>

Appendix 1 Definition of Conclusions

Grading:	Substantial	Reasonable	Limited
Overall conclusion on the system of internal control being maintained	There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.	There is generally a good system of internal control in place and the majority of risks are being effectively managed. However some action is required to improve controls.	The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.

Appendix 2 Officers Interviewed

The following staff contributed to the outcome of the audit:

- Jez Finden, Fleet Manager
- Sue McIntyre, Senior Administrator
- Asif Hussain, Principal Accountant
- Jarvis Osborne, Assistant Procurement Manager

The Closing Meeting was attended by:

- Jez Finden, Fleet Manager

The auditors are grateful for the cooperation and assistance provided from all the management and staff who were involved in the audit. We would like to take this opportunity to thank them for their participation.

Disclaimer

Any matters arising as a result of the audit are only those, which have been identified during the course of the work undertaken and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that could be made.

It is emphasised that the responsibility for the maintenance of a sound system of management control rests with management and that the work performed by Internal Audit Services on the internal control system should not be relied upon to identify all system weaknesses that may exist. However, audit procedures are designed so that any material weaknesses in management control have a reasonable chance of discovery. Effective implementation of management actions is important for the maintenance of a reliable management control system.

Contact Persons

Maggie Gibb, Head of Business Assurance

Phone: 01296 387327

Email: mgibb@buckscc.gov.uk

Rachel Shovell, Audit Manager

Phone 01296 387916

Email rshovell@buckscc.gov.uk

Mark Lockyer, Auditor

Email: c-mlockyer@buckscc.gov.uk