



Fleet Management

City of York Council

Internal Audit Report 2016/17

Business Unit: Economy and Place
Responsible Officer: Corporate Director, E&P
Service Manager: Head of Operations
Date Issued: 8 September 2017
Status: Final
Reference: 10870/001

	P1	P2	P3
Actions	0	4	0
Overall Audit Opinion	Reasonable Assurance		

Summary and Overall Conclusions

Introduction

In undertaking its operations the council utilises a number of vehicles, across departments such as Waste, Highways and Street Services. Costs for the service are recharged to other departments. Fleet Services recharges of £993k were made in 2015-16.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- The service meets the needs of the organisation
- The cost of the service is reasonable
- Vehicle usage is in accordance with best practice and all appropriate regulations and guidance

Key Findings

The key findings are that the service is in need of a full refresh of written policies and procedures to ensure that they are fit for purpose and cover all aspects of the care and use of council vehicles. These policies form the basis of the control environment that ensures that vehicle usage is efficient and helps to prevent the service incurring additional costs, for example additional mileage and maintenance and repair costs. Once these policies have been refreshed they can be communicated to staff and monitoring against the policies set up. Monitoring the usage of the vehicles will also allow the service to ensure that the number and type of vehicles used are appropriate for the council's needs.

Of particular concerns within the refreshed policies are allocating responsibility for addressing issues with care of the vehicles and private usage of the vehicles to ensure that the council is compliant with regulation as well as achieving best value from council assets. There is potential for the council to achieve savings by reducing vehicle usage and repair costs. xxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxx

The council has identified issues with its own procedures and is in the process of undertaking a full review of the assets and procedures of the fleet service.

Overall Conclusions

It was found that the arrangements for managing risk were satisfactory with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

1 Formal procedures

Issue/Control Weakness

Formal procedures are incomplete.

Risk

Staff may be unclear on correct procedures to follow.

Findings

The only current formal policy specifically covering vehicle use is the Health and Safety policy regarding safe vehicle usage. This does not cover staff behaviours such as bringing the vehicle in for maintenance within set timeframes, keeping the vehicle clean and efficient driving practices.

The incomplete procedures also affect the service's ability to undertake monitoring activities to ensure the fleet is well maintained and used effectively. This could lead to a fleet that does not meet the council's needs and the council incurring additional expense.

Agreed Action 1.1

Procedures have been written and will be circulated and put in place once they have been formally approved

Priority

2

Responsible Officer

Supervisor Civil
Engineering

Timescale

October 2017

2 Vehicle monitoring

Issue/Control Weakness

Vehicle monitoring is not being carried out.

Risk

The current arrangements do not support the aims of the department and do not provide best value.

Findings

There are 4 different tracking devices across council vehicles, which are not routinely used to ensure that vehicles are being used as expected and that use of the fleet is maximised. In addition, although there are contracts in place, these are several years out of date, or have been rolled forward every 6 months and it is therefore likely that the council is not getting best value.

A procurement exercise is planned to obtain a system that matches the council's needs, which should include a management information function. Once this has been completed the system should be configured to provide the service with suitable monitoring reports to support services in managing the council's fleet.

Agreed Action 2.1

A procurement exercise for a new tracking system is currently underway, which is being supported by Corporate Procurement. Once a tracking system is in place reports will be developed to generate management information relating to use and monitoring of the fleet.

Priority

2

Responsible Officer

Supervisor Civil
Engineering

Timescale

October 2017

3 Departmental Recharges

Issue/Control Weakness

There is not sufficient monitoring around the additional recharges to minimise costs and identify issues.

Risk

The council is incurring additional expenditure or not meeting health and safety requirements.

Findings

The costs for vehicle usage are recharges to the services that are using the vehicles rather than being charged to a central budget. Where the recharges include repairs or additional charges this is indicted by a cost category and narrative.

It is not documented whose responsibility it is monitor the additional charges incurred in relation to the council's vehicles and address the issue appropriately. Alongside findings 1 and 2 in this report there is scope for the council to improve procedures to manage additional vehicle costs and address any underlying issues.

Agreed Action 3.1

In conjunction with actions 1.1 and 2.1, a new process will be put in place to highlight inefficiencies in vehicle usage and therefore actions to be taken to address staff well being, refine behaviours and reduce costs, including responsibilities for these actions

Priority

2

Responsible Officer

Supervisor Civil Engineering

Timescale

October 2017

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Issue/Control Weakness | **Risk**

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Findings

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Agreed Action 4.1

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Priority	2
Responsible Officer	XXXXXXXXXXXXXXXXXXXX
Timescale	XXXXXXXXXXXXXXXXXXXX



Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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