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Argyll & Bute Council

Internal audit report

Fleet Management System

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Contents

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Introduction and scope

In accordance with the 2011-12 internal audit plan of Argyll & Bute Council ("the Council"), as approved by the Audit Committee, we performed an internal audit of the fleet management system.

The overall objective of this internal audit was to review the Council's use of the Tranman fleet management system, considering the data contained within the system and the extent to which this data was used and reported across the Council.

The specific objective, scope and approach, as agreed with management, are detailed in appendix one.

Background

The Tranman system was introduced at the Council in September 2010 as fleet whole life costing, store control, budgeting and licensing recording system. The Tranman system holds records of vehicles, plant and machinery which are owned or on hire by the Council. This system is operated and managed by fleet and waste management section within development and infrastructure services. The system was introduced to allow improvements in the monitoring of the Council's corporate fleet. Tranman holds data for the recording of defects, driver and licensing checks, training data, vehicle scheduling, and accident recording. It can provide a variety of standard and tailored reports, including fleet-specific ordering, external and internal hiring, the transferring of financial information to the general ledger system, and reporting of key performance indicators.

Tranman is linked by electronic feeders from the Vectec fuel management system. The Vectec system controls fuel dispensing, invoicing, bulk fuel transactions, manual fuel transactions from private garages and Esso fuel card transactions. Tranman also feeds costing data into the Oracle general ledger system. There are also further manual transfers of data between Tranman and other systems held by the Council.

In July 2011 a review of the fuel dispensing controls was conducted by the Council's in-house internal audit section. This work identified recommendations over the lack of monitoring of fuel usage. Arising out of this work was the view that further work would be useful to review the data held by the Council within the Tranman system and how it could be used to its fullest potential. This report aims to meet this identified need.

Various members of staff have read only access to the system. The fleet and waste management section are introducing touchpad devices that will help maintenance staff to record jobs directly into Tranman.

Our approach

Our work was performed through a series of meetings with key members of staff, to understand the functionality and use of the data. The specific members of staff with whom we met were:

- Jim Smith, head of service, roads and amenity services

- Walter MacArthur, fleet and waste manager, roads and amenity services

- Sandra Black, performance manager, fleet

- Lesley Sweetman, performance and business manager

- Graham Brown, operations manager, operational services

- Stewart Clark, performance manager, roads, operational services

- Tom Murphy, street scene manager, operational services

- Morag Cupples, senior accountant, strategic finance

The Councils present use of the Tranman fleet management systems was demonstrated by fleet department staff and further understanding was gained by performing on site walk throughs of current processes. It was see that fleet operates the system effectively within the department, and that the completeness, quality and accuracy of data being entered into the Tranman system was acceptable.

Meeting with key members of development and infrastructure, including operational services staff, enabled understanding of potential further application of the Tranman system within this area of the council. A review of managements current use of the Tranman system, along with the availability and analyses of its data outputs, was found from meetings with key members of staff. The relevance and usefulness of currently provided, or potential data outputs, was also demonstrated by members of the operational services department.

The appropriateness of current data transfer practices, and potently additions or alternatives was consider and discussed with member of the finance department.

Proposed recommendations were discussed with relevant persons to assess implications and potential issues.

Key findings and recommendations

We identified five 'moderate' risk recommendations and one low risk recommendation. There were no high risk recommendations identified.

The findings identified during the course of this internal audit are summarised below. A full list of the findings and recommendations are included in the summary of findings and action plan within this report. Management has accepted the findings and agreed reasonable actions to address the recommendations.

	High	Moderate	Low
Number of internal audit findings	-	4	1
Number of recommendations accepted by management	-	4	1

Classification of internal audit findings is provided in appendix two.

'High' risk recommendations highlighted to the audit committee
There are no 'high' risk recommendations identified as a result of our review.

Action plan ref	Description of internal audit findings	Classification of internal audit findings		
		High	Moderate	Low
1	**Staff training** Our review found that the Tranman system holds a wide range of management information that allows for the provision of insightful performance monitoring reports. Examples of these reports include fuel usage, hire and lease costs, plant servicing, maintenance and breakdown information, with others available for production for monitoring purposes. Other departments rely on information being provided by the fleet department through regular reports and ad hoc queries. For example, reports are issued weekly detailing hired plant or machinery which had been taken on hire or had been returned within the period, and reports showing internal charging for damage are regularly queried. We understand that senior staff outwith the fleet department have not been provided with appropriate training to develop an understanding of the system or the information and reports available from it. Technical staff within relevant departments have been given operational training and follow up support after initial system implementation. Management should provide guidance on the reports and capabilities of the system to departments. Training should be provided to higher level staff on the uses and operation of the Tranman system.		Moderate	

Action plan ref	Description of internal audit findings	Classification of internal audit findings		
		High	**Moderate**	**Low**
2	**Data transfer** There are various systems that interact with Tranman. For example the development and infrastructure department use the TOTAL costing system for the budgeting and monitoring of construction work. Fleet and fuel costs are manually transferred from Tranman to the TOTAL costing system. The possible application of an automatic interface from Tranman to the TOTAL costing system has not been investigated. Costing data from Tranman is automatically fed into the ledger. This allocates the cost of vehicles including maintenance and fuels costs to specific jobs and cost centres. This information from the ledger is used by departments for budget monitoring. We identified that end user departments did not find the data within the ledger to be useful and queries are directed to the fleet department due to a lack of detail within the ledger. For instance, accidental damage charges did not contain information of either the vehicle or type of damage. The Tranman system has the capability to upload additional data to the ledger, although this is not currently being done. Management should agree the data transfer requirements and update the data transfer links to include cross departmentally agreed required information.		■	

Action plan ref	Description of internal audit findings	Classification of internal audit findings		
		High	Moderate	Low
3	**Asset management** Vehicles and plant are recorded in the Tranman system. Small items of machinery such as lawnmowers are not recorded in system. There is no formal register of these assets or their maintenance and fuel usage. Machinery and small plant items should be recorded and managed in the Tranman system in the same manner as fleet assets. This would allow the Council to monitor and report on the total cost of the plant. Fleet staff provide weekly reports of vehicles, plant and machinery hires that are ongoing and those that have been returned. This information is readily available in the Tranman system in real time. These reports highlight assets held by lease for long periods of time where staff should consider if leasing is most cost effective. We identified that staff are not routinely reviewing these reports to identify where savings could potentially be made.			■

Action plan ref	Description of internal audit findings	Classification of internal audit findings		
		High	Moderate	Low
4	**Fuel monitoring** Fuel data is recorded initially through the Vectec fuel management system. Data from this system is automatically transferred into the Tranman system and is used for costing and monitoring purposes. Fuel for small items of plant and machinery is not recorded against the item in which petrol is used, but the vehicle in which it is collected. It would be unmanageable to allocate fuel to individual items of small pant and machinery, but with the use of the Hand Arm Vibration ("HAV") metering system there is potential to monitor fuel consumption. Data from these systems could be used to monitor trends of fuel usage by small plant and tools across superintendant regions. Management should therefore consider the introduction of specific fleet codes to draw petrol for geographic areas. There are six sites where fuel is dispensed and controlled through the Vectec fuel system using fuel key fobs. One site has CCTV monitoring and one further site will have CCTV installed. Furthermore, there are nine further sites where fuel dispensing is manually recorded by authorised independent staff. All fuel drawn is registered against a vehicle. There is a risk associated with Vectec controlled fuel where there is no supervision of staff. It is possible to draw fuel using a non-fleet vehicle and current reporting does not trace trends such as comparing fuel economy and consumption across the fleet. It is noted that a new fleet tracking system is soon to be implemented which should allow for greater control over fuel usage reporting. Management should review the preventative and detectives controls in place over fuel. Consideration should be given to the installation of a CCTV system on sites not currently monitored. Fuel data should be analysed in conjunction with data from the fleet tracking system to identify trends which may indicate abnormal use of the fleet.		Moderate	

Action plan ref	Description of internal audit findings	Classification of internal audit findings		
		High	Moderate	Low
5	**Increased application of system** The Tranman system has the capability to be used for a number of different purposes. This capability could be exploited through the web based portal tool currently available as part of the Tranman package, which would allow a variety of users to access the system. The applications that could be implemented include: •pool car information and bookings; •report fleet, tool and small plant defects enabling better response and planning for workshops and their mechanics; and •relevant information relating to fleet vehicles could be found by contact centre staff to provide real time information to the public for example details of broken down refuse collection vehicles. The application of the web portal and wider Tranman modules would have the potential to generate cost and efficiency savings for the department.		(Moderate)	

The action plan summarises specific recommendations, together with related risks and management's responses.

Finding(s) and risk(s)	Recommendation(s)	Agreed management actions
1 Staff training		**Moderate**
It was found that the level of knowledge and skill in operating the system was high within the fleet department. We understand, however, that higher level staff outwith the fleet department have not been provided with appropriate training to develop an understanding of the system or the information and reports available from it. This lack of integration of this system has resulted in a potential loss of benefits and further applications across the department and wider Council.	Management should provide guidance on the reports and capabilities of the system to departments. Specific training should be provided to higher lever staff on the uses and operations of the Tranman system.	Agreed. **Responsible officer:** Sandra Black **Implementation date:** July 2012
2 Data transfer		**Moderate**
It was found that data transfer between historic systems was incurring unnecessary administrative time, and increasing the risk of data entry error. Further there is no recorded formalised agreements between departments as to information requirements, resulting in additional queries and the associated administrative time to respond.	Management should work to agree the different data transfer requirements and update the data transfer links to include cross departmentally agreed required information.	Agreed. **Responsible officer:** Sandra Black **Implementation date:** July 2012

Finding(s) and risk(s)	Recommendation(s)	Agreed management actions
3 Asset management		**Low**
Small items of machinery such as lawnmowers are not recorded in system. There is no formal register of these assets or their maintenance and fuel usage. There is a risk that tool and small plant are not being services, maintained and controlled in a safe or accountable manor.	Machinery and small plant items should be recorded and managed in the Tranman system in the same manner as fleet assets. This would allow the Council to monitor and report on the cost of the plant.	Agreed. **Responsible officer:** Tom Murphy / Sandra Black **Implementation date:** Oct 2012 / July 2012
In addition, fleet staff prepare weekly reports of vehicles, plant and machinery hires that are ongoing and those that have been returned. This information is readily available in the Tranman system in real time. We identified that staff are not routinely reviewing these reports to identify where savings could potentially be made.	These reports highlight assets held by lease for long periods of time. It is recommended that these reports are reviewed on a regular basis to confirm that leasing the asset remains the most cost effective approach.	

Finding(s) and risk(s)	Recommendation(s)	Agreed management actions
4 Fuel monitoring		**Moderate**
It was found that fuel was viewed as a high risk area and closely monitored. With the use of the Tranman system, in conjunction to the service records and vehicle tracking there was a opportunity to analyse consumption, which was not currently being carried out. There is a risk associated with Vectec controlled fuel where there is no supervision of staff. It is possible to draw fuel using a non-fleet vehicle and current reporting does not trace trends in fuel usage per vehicles.	Management should review the preventative and detectives controls in place over fuel. Consideration should be given to the installation of a CCTV system on sites not currently monitored. Fuel data should be analysed in conjunction with data from the fleet tracking systems to identify trends.	Agreed. **Responsible officer:** Sandra Black **Implementation date:** September 2012
5 Increased application of system		**Moderate**
The Tranman system has the capability to be used for different purposes, with different applications able to be added to the system. This capability could be exploited through the web based portal tool currently available as part of the Tranman package, which would allow a variety of users to access the system.	The application of the web portal and wider Tranman modules would have the potential to generate cost and efficiency savings for the department. Management should undertake a review to consider the costs and benefits of each additional as part of a detailed analysis of the system.	Agreed. **Responsible officer:** Sandra Black **Implementation date:** October 2012

Appendices

In accordance with the Development and Infrastructure Services Audit Agreement Document, a Review of Fleet Management Systems is to be performed.

Objective
The objective of this audit was to assess the adequacy and effectiveness the Tranman IT system.

Scope
Based on the objective outlined above, we shall review the following key aspects of the Tranman IT system currently in use at the Council to ascertain whether:

•it is providing appropriate and proportional data and consider if improved management information could be provided through additional/alternative data;

•collected data is analysed and used by management; and

•collected data is available to other council services.

Approach
We shall adopt the following approach in this review:

•completeness, quality and accuracy of data streams shall be reviewed;

•data reports produced will be evaluated for their relevance and usefulness;

•management reliance on Tranman data will be reviewed; and

•any problem areas shall be highlighted, and brought to the attention of the Head of Service prior to the report stage.

The following framework for internal audit ratings has been developed and agreed with management for prioritising internal audit findings according to their relative significance depending on their impact to the process.

Rating	Definition
High	Observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error.
Moderate	Observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced it if were rectified.
Low	Observations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.