Internal Audit Report

Development and infrastructure
Review of Fleet Management

October 2012

1. INTRODUCTION

1.1 As part of the annual audit plan for 2012/13 internal audit undertook a review of the Tranman Fleet Management system. The audit involved a walk through test to ensure that fuel invoices were properly entered into the Vectec and transferred into the Tranman fuel system. The audit also reviewed fuel usage and apportionment of fuel charges from Tranman to services.

1.2 Controls were reviewed for the system controlling fuel dispensing which is administered by Vectec and included; Invoicing, fuel transactions, manual fuel transactions from private garages, Esso card transactions and Brogan's will be tested.

2. AUDIT SCOPE AND OBJECTIVES

2.1 The key objectives of the review in respect of the Vectec and Tranman systems were to ascertain whether:

- Dispensing fuel is controlled at depots
- That the fuel figures produced are reliable;
- That fuel data is appropriate and proportional for management; and
- Fuel data is analysed and used by management.

3. RISK ASSESSMENT

3.1 Risk Registers were reviewed to establish whether there were any that related to the review undertaken and it was found that the areas to be included in the audit were:

3.2 SR16: Failure to have a robust internal control process and system; RA03: Inaccurate management information.

4. CORPORATE GOVERNANCE

4.1 There were no Corporate Governance issues to be reported as a result of this audit.

5. MAIN FINDINGS

5.1 All fuel purchased by Council services should be reflected in the Vectec fuel system and subsequently charged to services via Tranman. It was found that there are still a number of fuel purchases which are being charged direct to service cost centres. The consequences are that fuel consumption data against these vehicles will not accurately reflect the actual fuel usage.

5.2 Internal audit found that although there are procedures to ensure that only authorised personnel have access to fuel fobs, in the case of sub-contractor's it should be emphasised to managers that they do not in any circumstances have access to Council fuel stocks.

5.3 Fuel tanks are dipped on a regular basis to check that the Vectec system indicates the correct level of fuel in the tanks. Internal audit found no evidence that the fuel dips are reconciled back to the Vectec fuel system.

5.4 Internal audit found that fuel is securely held at the depots and there are 2 sites where CCTV has been introduced. This provision enhances security of depots. Management should consider extending the installation of CCTV at sites not currently monitored.

5.5 It was noted that administration assistants at Manse Brae spend a considerable amount of time splitting fuel invoices between internal and external fleet for input to Oracle. Internal audit has identified that this information can be obtained direct from the fuel systems.

5.6 Internal audit found that Administration Assistants could only view the invoices they input to Vectec and not those entered by their colleagues. On discussing this with the performance manager she stated that there was an alternative method for viewing such invoices and procedures would be amended accordingly.

5.7 Fleet currently run 3 fleet systems namely Vectec, Tranman and a software package for real time vehicle tracking which, is at present out to tender. No system administrator has been appointed to administer these systems. Appointment of such a person would help ensure the best use of data reporting capabilities of these systems is made.

5.8 Fuel information concerning Roads vehicles can be transferred from the Fleet systems into the Roads Costing Total system, in order to ensure that all jobs are properly costed. At present information is manually transferred to Roads costing via an Excel spread sheet. ICT is aware of the problem but to date no system changes have been implemented.

6. **RECOMMENDATIONS**

6.1 Eight recommendations were identified as a result of the audit. The recommendations have the following priority ranking 2 high, 5 medium and one low. The recommendations are shown in the action plan attached at Appendix 2 and have been compiled with the co-operation and agreement of senior management.

6.2 Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be

implemented in accordance with the agreed action plan. Management have set achievable implementation dates and they will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Management, if it decides not to implement recommendations, must evaluate and accept the risks associated with that decision.

6.3   A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as high, medium or low. The definitions of each classification are set out below:-

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High - major 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;

Medium - 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 - minor recommendations 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.

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7.   AUDIT OPINION

7.1   It is Internal Audits view that based on the findings of the audit that there are sufficient controls in place to ensure that services are being correctly charged for fuel usage.

7.2   The enhancement of reporting to user departments was identified as an issue but plans are in place to address this.

7.3   Recommendations arising from the audit work should be implemented by the nominated responsible officer/s within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

8.   ACKNOWLEDGEMENTS

8.1   Thanks are due to the following Officers and staff for their co-operation and assistance during the Audit and the preparation of the report and action plan:

- Fleet and Waste Manager
- Fleet Performance Manager
- Helensburgh Workshop Supervisor
- Fleet Admin Assistants

8.2   Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

8.3   This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. In any circumstances where anyone other than the Council accesses this report it is on the strict understanding that the Council will accept no liability for any act or omission by any party in consequence of their consideration of this report or any part thereof. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2   **ACTION PLAN**

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	Not all fuel purchases are being recorded via the Vectec fuel systems.	Medium	Management should ensure that all fuel transactions are recorded through the Vectec system to ensure that fuel data reports are accurate.	**Fleet Performance Manager**	**completed**
2	Internal audit felt in the course of depot visits that there was uncertainty as to circumstances when Sub contractors have access to Council fuel stocks.	Medium	In the case of sub contractor's it should be emphasised to Depot managers that they do not in any circumstances have access to Council fuel stocks.	**Operations manager -Roads and Amenity Services**	**Completed**
3	There was no evidence that depot fuel tanks are manually checked and agreed back to Vectec system.	Medium	Appropriate documentation should be prepared to provide evidence that the fuel tanks have been manually checked and agreed back to the Vectec system.	**Fleet Performance Manager**	**completed**
4	Fuel security at Depots could be enhanced by the introduction of CCTV at Depot sites not already covered.	Medium	Management should initiate a series of business cases for each of the fuel depots to ascertain the cost/benefits of introducing CCTV at the various fuel depots.	**Operations manager -Roads and Amenity Services**	**Completed**
5	Considerable amount of time is spent by Administration Assistants splitting fuel invoices in the ledger between internal and external fuel account codes.	Medium	This task should end as the fuel systems will furnish management with this information as and when required, this would free up valuable time for staff resulting in improved efficiencies.	**Fleet Performance Manager**	**completed**

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
7	There is no dedicated system administrator for either Vectec, Tranman or for the proposed real time vehicle tracking system which is out for tender at present.	High	Consideration should be given by management to the designation of a position to cover the role of systems Administrator. This role would encompass all 3 fleet vehicle systems namely Vectec, Tranman and real time vehicle tracking which is at present out to tender.	**Operations manager –Head of Roads and Amenity Services**	**31/3/2013**
8	Fuel information Re Roads external hire vehicles and Amenity Services vehicles being transferred into Oracle and in the case of Roads subsequently into Total is not as yet at a level to allow proper budget monitoring of fuel usage and costing. A working group should be set up to look at the feeder information being transferred from Tranman into Oracle with a view to improving the level of information transferred from Tranman	High	A working group should be set up to look at the feeder information being transferred from Tranman into Oracle with a view to improving the level of information transferred from Tranman.	**Operations manager –Head of Roads and Amenity Services**	**Completed**