Internal Audit of Fleet Management

Final Report

January 2017
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Professional Standards

Internal Audit is committed to ensuring high standards of service to Derry City and Strabane District Council. Our work complies with the Chartered Institute of Internal Auditors (CIIA) Code of Practice and Professional Standards and CIPFA Public Sector Internal Audit Standards.
Executive Summary

<table>
<thead>
<tr>
<th>System Priority:</th>
<th>Audit Opinion:</th>
<th>Implementation Priority:</th>
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<tbody>
<tr>
<td>B</td>
<td>Improvement Needed</td>
<td>Refer to Appendix (iii)</td>
</tr>
<tr>
<td>Failure to implement the recommendations could result in the failure of an important Council objective or could have some impact on a key Council objective</td>
<td>Significant control weaknesses were noted and recommendations raised. There is considerable risk that the system will fail to meet its objectives.</td>
<td>Refer to Appendix (iii)</td>
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<table>
<thead>
<tr>
<th>Category</th>
<th>No of Recommendations</th>
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<td>B1</td>
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<td>B2</td>
<td>5</td>
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Introduction

The purpose of this review was to provide senior management with an assurance about the adequacy and effectiveness of internal control over the audit area of Fleet Management. The objectives and scope for this review were agreed with the Head of Environment prior to commencement of the audit.

The Audit work performed was as follows:

- Establishing the system of controls.
- Evaluating the adequacy of the controls.
- Designing and completing the audit programme to test the effectiveness of the controls.
- Reporting on the adequacy and effectiveness of the controls to achieve system objectives.
Objectives
The objectives of this audit are:

- To ensure that an effective and efficient Fleet Management service is in operation for all Council Vehicles.
- To ensure that vehicles are maintained in a safe and roadworthy condition at all times when in use on the road.
- To ensure that effective systems are in place for planned, preventative and response maintenance for all Council vehicles including reporting of incidents to section leads and senior management.
- To ensure that the Council’s Fleet Safety Policy has been implemented, is monitored and that a review schedule is in place.
- To ensure that adequate steps are being taken to maintain the Operator’s Licence for Council Vehicles and that the Licence adequately reflects Council's fleet assets.
- To ensure that drivers have been made aware of and have received training regarding their legal responsibilities regarding vehicle condition.
- To ensure that adequate security controls are in place to prevent theft or vandalism of the fleet.
- To ensure that an inventory of vehicles is maintained and updated as necessary.
- To ensure that adherence to the Driver’s Handbook is monitored.
- To ensure that adequate controls are in place to control and manage refuelling activities and ensure effective and economical fuel consumption.
- To ensure that all procurement of parts / services take full account of Council’s procurement policies and procedures.

Scope
This particular audit will encompass a review of the following areas:

- Fleet Safety Policy
- Inspections
- Vehicle Defect Report Forms
- Vehicle Monitoring
- Insurance
- Operator’s Licence
- Staff Training
- Health & Safety
- Vehicle Replacement
- Third Party Service Providers
- Security
- Inventory
- Driver’s
- Fuel

**Limitation of Scope**

No limitations to scope
Basis of Audit Opinion

Internal Audit is satisfied that the Fleet safety policy has been recently reviewed and approved by Council. The Council has developed a programme of different types of inspections and processes have been established to monitor if inspections are carried out when required. Monitoring mechanisms have been established in relation to: PSV / MOT test dates, tax renewals, calibration checks and driving licence checks. Additionally, insurance arrangements are in place for fleet and kept up to date, the Operator’s licence is maintained and vehicles kept up to date and drivers receive Certificate of Professional Competence (CPC) training. Furthermore, a Health & Safety Management System is in place with DCSDC having been accredited the Occupational Health and Safety Standard - OHSAS 18001 and it has been agreed that monies will be set aside in each year’s budget going forward for the purchase of vehicles.

However, as a result of this audit a significant number of control weaknesses have been identified and Internal Audit have made a number of recommendations to improve the control environment. The key recommendations relate to:

- communication of the recently revised Fleet Safety policy,
- improvements to inspections,
- improvements to vehicle monitoring processes,
- improvements to controls around the forward plan for replacement of vehicles,
- controls over the management of third parties especially in relation to the area of procurement,
- improvements to the security arrangements over fleet,
- controls over monitoring tachograph information and driver performance, and
- improvements in controls to monitor fuel usage.

As a result of the number and ranking of recommendations raised, this audit has been given the audit opinion of ‘Improvement Needed’.
# Summary of Key Recommendations

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<tr>
<td>B1</td>
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<td>• The Fleet Safety Policy should be communicated to all relevant employees as soon as possible, and the need for a review of the Handbook should be considered.</td>
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<td>B2</td>
<td>5</td>
<td>• The improvements highlighted in this report to inspections should be implemented, i.e. improvements to driver’s daily walk around inspections, 6 weekly preventative maintenance inspections and annual preventative maintenance inspections.</td>
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<td>B3</td>
<td>0</td>
<td>• Improvements to vehicle monitoring to include improving the timeliness of obtaining road tax, accuracy of tax spreadsheet and improvements to the process to allow driver licence checks to be undertaken.</td>
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<tr>
<td>Total</td>
<td>12</td>
<td>• Controls should be improved around the forward plan for replacement of vehicles to consider developing business cases to weigh up the amount of monies being spent on hiring vehicles versus the cost of replacement, putting in place call off contracts with vehicle hire firms, update of replacement vehicles spreadsheet to include Strabane vehicles and review of the methodology used to project the replacement cost of vehicles.</td>
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<td>• Controls should be improved over the management of third party service providers. In particular Internal Audit recommends the potential development of a panel of contractors, the completion of Single Tender Action documentation for proprietary items, quotation / tender exercises being undertaken for spend in compliance with DCSDC procurement policy, and regular monitoring of contractor performance.</td>
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<td>• The security arrangements over fleet could be improved including controls over visitor entry to the operating centres, improvements in CCTV coverage and in retaining CCTV recordings, improvements to the security of keys, parking of vehicles, the evidencing of perimeter checks and implementation of crime prevention recommendations raised in a previous 2012 police crime prevention report.</td>
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<td>• Improvements are recommended to the monitoring of reports on tachograph download and driver performance and the need to take prompt action to deal with any infringements highlighted.</td>
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<td>• Improvements in controls to monitor fuel usage both on site (Jigsaw system) and the Diesel Card Ireland (DCI) system.</td>
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Audit Work Undertaken

This section provides an overview of the audit tests undertaken and key findings arising from these tests with a hyperlink for each recommendation to the relevant section of the ‘Table of Recommendations’ starting on page 30.

Test 1  Fleet Safety Policy / Fleet Handbook

Test description

Internal Audit reviewed if procedures relating to vehicle management are in place which are regularly reviewed and updated.

Issues identified

The Head of Environment advised that in early 2015 following Local Government Reform he obtained approval from the Shadow Council for a revised fleet procedure for the new Derry City and Strabane Council. This procedure has recently been updated with a few modifications and presented and approved by Council as a Fleet Management Policy on 15th December 2016. This has yet to be formally communicated to all relevant staff. The Fleet Manager advised this will be rolled out to staff via a number of presentations to both Corporate and Grey Fleet drivers over the next few months with a record being maintained of attendance. He advised that a copy of the policy will also be deposited in all corporate vehicle administration folders and uploaded onto the ‘Council Policy’ shared domain. Internal Audit noted that although a handbook entitled ‘Safety in Derry City Council Transport Operations’ is in operation, this has not been revised for some time, and related to the former Derry City Council only. No similar handbook was in place for the former Strabane Council.

See recommendation 1 below

Test 2  Inspections

Test Description

Internal Audit reviewed if there was an adequate programme of inspections developed and adhered to for all vehicles.
Findings

The Council has developed a programme of different types of inspections to include the following:

- Drivers daily walk around inspections
- 6 weekly preventative maintenance inspections by mechanics for all major fleet vehicles (above 3.5 tonne)
- 6 monthly preventative maintenance inspections by mechanics for all other fleet (less than 3.5 tonne)
- Annual preventative maintenance inspections by mechanics in preparation for the vehicle’s PSV

In addition the Freight Transport Association carries out independent random spot checks every four months to review the quality of the mechanics vehicle safety inspections and repairs.

Issues identified:

Driver’s daily walk around inspections

Drivers are required to undertake a daily walk around and inspect the vehicle for defects before leaving the operating site. On completion of the check the driver is required to complete a ‘Drivers Daily vehicle check and defect form’. The top half of the form relates to the drivers checks undertaken and requires the driver to sign as evidence of having undertaken these checks and the bottom half of the form relates to any defects identified. Again the driver is required to sign this part of the form if defects have been identified. The Mechanic is also required to sign and provide information on this form as to how any defects were addressed.

For Derry drivers, if no defects are identified by the driver the form is required to be handed into the security hut, whereas for Strabane drivers if no defects are identified the form can remain within the book, within the vehicle. For both locations, if defects are identified one copy of the form is required to be presented to mechanics to fix the vehicle before it leaves the yard.

Internal Audit selected a day within both the Derry and Strabane Operating Centres and reviewed documentation to ensure that the driver’s inspection had been adequately completed. Internal Audit identified the following issues:

See recommendation 2 below
Issues at the Derry Operating Centre:

There is a lack of assurance that drivers are undertaking this check on all occasions. Review of the files in security and the garage highlighted a large number of instances when the form could not be located. For some of the files reviewed within the security hut, the last inspection sheet within the vehicle file was dated some time previous. In particular for 1 vehicle there were no driver sheets contained within the folder at the date of audit fieldwork.

Testing showed that in some instances the checks and sheets are being completed, but if no defects are identified they are left within the vehicles and not returned to the security hut.

In 1 instance the book required to be completed of the checks was missing from the satchel of the vehicle.

Internal Audit review of the Driver and Vehicle Standard Agency guidance revised in 2014 for ‘Maintaining Roadworthiness’ stipulates that driver check records should be maintained for a minimum of 15 months. The Fleet Manager advised that the process within Derry was to retain these for a 3 month period only.

See recommendation 2 below

Issues at the Strabane Operating Centre:

Although for all the sample reviewed at Strabane the drivers form had been completed, Internal Audit noted the following issues:

- A number of the drivers had not been appropriately logged onto the telemetry system, and in addition Internal Audit were advised at the date of fieldwork that 1 vehicle was not registered on the telemetry system. A telemetry system is a vehicle monitoring and control system for managing a fleet of vehicles. It provides coverage for tracking asset and vehicle location as well as centralised collection, storage, processing and visualization of different data.

- In 1 instance the drivers form had been completed using the old format form at Strabane which contains a lot less checks than the new format form. In addition 1 form had not been signed by the driver.

See recommendation 2 below

Six weekly preventative maintenance inspections by mechanics

For vehicles above 3.5 tonne weight, there is a regime of the mechanics undertaking preventative maintenance inspections every 6 weeks.
Spreadsheets are maintained at each Operating Centre for the 6 weekly preventative maintenance inspections and these inspections are referred to as the ‘p’ inspections. For each vehicle, these show details of the 6 weekly inspection and when the next inspection is due. This is used as a trigger to ensure these inspections take place. This system has only recently been implemented in the Strabane Operating Centre following the appointment of the Fleet Supervisor. Internal Audit selected a number of vehicles from these spreadsheets and reviewed the associated inspection documentation to ensure the accuracy of these records.

This identified the following issues:

- Within the Derry Operating Centre the inspection sheets were always signed by the mechanic and countersigned by ‘Admin’. Internal Audit was advised that this final check is currently being signed off by the Fleet Manager to verify that the work has been undertaken, in the absence of a Fleet Supervisor. However the Fleet Manager advised he is not reviewing the standard of work undertaken.

- Review of overdue inspections highlighted that the documentation is not always being completed at the same time that work is undertaken.

- In addition Internal Audit noted some instances when a Derry vehicle was recorded on the Strabane spreadsheet, and as such the Strabane Supervisor advised this was the Derry operating centre responsibility.

See recommendation 2 below

Annual preventative maintenance inspections

For all vehicles there is a regime whereby the mechanics undertake annual preventative maintenance inspections.

Spreadsheets are maintained at each Operating Centre for the annual preventative maintenance inspections and these inspections are referred to as ‘c’ inspections. These show for each vehicle details of the annual inspection and when the next inspection is due. This is used as a trigger to ensure that these inspections take place. Internal Audit selected a number of vehicles from these spreadsheets and reviewed the associated inspection documentation to ensure the accuracy of these records.

Internal Audit noted that in some instances the dates recorded on the spreadsheet were slightly different from the dates recorded on the associated inspection documentation. In these instances the dates recorded on the spreadsheet were earlier than the inspection documentation which would mean that the trigger for the subsequent review would still take place in time. However for completeness purposes all dates recorded should be as per inspection records.
Internal audit noted again an instance of a vehicle being recorded on the Strabane spreadsheet which is the responsibility of the Derry Operating Centre.

See recommendation 2 below

**Test 3  Vehicle Defect Report Forms**

**Test Description**

Internal Audit reviewed if daily defect reports are completed for all identified defects.

**Findings**

As outlined above, the Drivers Daily Vehicle Check and Defect Report is one document. The top half of the form relates to the drivers checks undertaken and requires the driver to write their name at the top and sign as evidence of having undertaken these checks. The bottom half of the form relates to any defects identified. Again the driver is required to sign this part of the form if defects have been identified. The Mechanic is also required to sign and provide information on this form as to how any defects were addressed.

The form is then required to be signed by the Chargehand / Supervisor and the dates that the vehicles were in and out of the garage should be recorded.

For Derry vehicles, Internal Audit selected a random sample of 5 vehicles and reviewed how many defects had occurred on the vehicle since the commencement of the financial year (i.e. since April 2016).

Internal Audit reviewed the form to ensure it had been adequately completed.

**Issues identified**

- The forms were not signed by the Chargehand. The Fleet Manager advised this is because there is currently no supervisor in place within Derry. This has already been raised above.

- Testing highlighted that the forms were not always fully completed. In a number of the sample, the forms were incomplete in that signatures were missing, or the dates the vehicle was put in and out of the workshop were recorded inaccurately. In a number of instances the date recorded for the vehicle ‘in’ the garage was after the date which was recorded for the vehicle being ‘out’ of the garage.
- Internal Audit noted that the current format of the form requires the driver to:
  a) Write their name at the top of the form
  b) Sign their name under the vehicle checks section
  c) Sign their name under the defects section if any defects were identified.

Testing showed that in only 1 instance the driver had not signed the form at all. In a number of other instances the driver had written his name on the form and signed at the ‘checks’ part of the form, but had not signed the ‘defects’ part of the form when defects were identified.

See recommendation 3 below

Test 4  Vehicle Monitoring

Test Description

Internal Audit ensured that appropriate monitoring is carried out in relation to the following:

- PSV / MOT Test Dates
- Tax Renewals
- Service Due Dates
- Calibration Checks
- Driving License Checks

Issues identified

Internal Audit is satisfied that the same format of spreadsheet system used by the Fleet Manager and Fleet Supervisor to monitor service checks (i.e. the ‘p’ and ‘c’ inspections) is also used to monitor the following:

- Fleet PSV Schedule
- Road Tax Expiry Dates
- Tachograph Calibration & Bin Hoist Calibration
- Driving Licences
- LOLER (Lifting equipment) testing

The spreadsheets operate a traffic light system with due dates highlighted in red i.e. a due date is within 30 days, yellow indicates dates due in 30-60 days, and green indicates dates due over 60 days.

For both locations internal audit reviewed a sample of transactions from these spreadsheets to verify their accuracy.
Fleet PSV/MOT Schedule

From the sample selected for review Internal Audit is satisfied that the vehicles were ‘PSV’d’ / MOT’d as required and this information had been recorded accurately within the spreadsheet.

Timeliness of obtaining road tax

Internal Audit noted issues in relation to the timely taxing of vehicles. Internal Audit noted 3 instances when council controls had been circumvented by the Fleet Manager, in that due to untimely renewal of vehicle taxes he had paid for these directly himself and then reclaimed the amount from Council. The total amount involved was £1964.50.

In addition, Internal Audit review of the road tax sheet for Derry vehicles during audit fieldwork highlighted that there were a number of vehicles for which the tax was due to expire on 31/08/16 and the request to Finance for the cheque was only made on 15/08/16. Internal Audit subsequently reviewed the website to ensure these vehicles are now taxed and can confirm that they are.

Testing of a sample of Strabane vehicles showed that vehicle tax had expired on some vehicles before it was renewed. However the majority of exceptions noted during testing were in the period prior to the Fleet Supervisor coming into post.

See recommendation 4 below

Accuracy of tax spreadsheet

Review of the spreadsheet during fieldwork showed that the spreadsheet was not always kept up to date to remove vehicles which had since been disposed of, or those off the road for a long period of time.

See recommendation 4 below

Calibration Checks

Internal Audit confirmed that a spreadsheet system is in place to ensure calibration checks of machinery are carried out when required, and testing of a sample of transactions confirmed that calibrations were being carried out.

Driving Licence Checks

A check of a driver’s licence with DVLA is carried out on an annual basis. However, rather than the Fleet Manager undertaking this at the commencement of the year for all drivers, he would
undertake this for different drivers periodically throughout the year upon receipt of a mandate form from drivers.

Drivers are required to sign a ‘driver’s mandate form’ to allow the council to contact the DVLA about their licence. The Fleet Manager retains a spreadsheet of these checks and when they are due to be rechecked. These checks are important to ensure the driver is legally still in a position to drive council vehicles and also if the driver has 6 or more penalty points this is required to be notified to the insurance company.

Internal Audit reviewed this spreadsheet and noted that it highlighted a number of drivers for whom their review check date had expired. Upon querying this with the Fleet Manager, Internal Audit were advised that the drivers had not returned the mandate forms and so the check could not be undertaken. If mandates are not returned the checks with DVLA cannot take place and there is a lack of assurance that all council vehicles are being driven legally at all times.

Internal Audit noted that at the time of audit fieldwork the spreadsheet did not contain information on Strabane drivers. The Strabane Supervisor had advised that he was in the process of collating together the mandate forms. From a more recent visit to Strabane (03/01/17) Internal Audit noted that the Strabane Supervisor now had the mandate forms collated for all Strabane refuge collection drivers, however, an application has still not been made yet by the Fleet Manager to the DVLA to undertake these checks.

See recommendation 4 below

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Test 5 Insurance Arrangements

Test Description

Internal Audit reviewed the insurance arrangements in place to ensure that all vehicles are adequately insured.

Findings

The DCSDC Insurance and Risk Manager arranges the annual insurance for all motor vehicles. Internal Audit was advised that the Fleet Manager retains a copy of the insurance certificate for road tax purposes and a copy is placed in each vehicle.

Additions / deletions /substitutions (both temporary and permanent) are notified to the Insurance & Risk Manager by the Fleet Manager via the use of an official form. For Strabane
vehicle changes, Internal Audit was advised that the Strabane Supervisor will notify the Fleet Manager of changes via e-mail and the Fleet Manager will then complete the required form.

As part of audit testing, Internal Audit compared the vehicles on the Operator’s licence as at 04/08/16 to the insurance schedule. This identified 6 vehicles appearing on the licence which were not detailed on the schedule. Upon query with the Risk and Insurance Manager, Internal audit was advised that insurers are provided with a schedule of all permanent vehicles at renewal each year. Any acquisitions or disposals do not need to be notified during the year as Council is covered for ‘Any Motor Vehicles the property of the Insured or hired lent or leased to the Insured’. Changes in permanent vehicles are added to the Risk and Insurance Manager’s schedule and they are also entered onto a Motor Insurers’ Database as this is a separate legal requirement. In addition, the Risk and Insurance Manager advised that she records all temporary vehicles on a separate spreadsheet as these are required to be added onto the Motor Insurer’s Database if they are on hire for more than 14 days. The Risk and Insurance Manager advised that the 6 vehicles identified by Audit had been recorded on her temporary vehicles spreadsheet, with 1 minor transcription error detected.

No issues identified – no recommendations made

Test 6  Operator’s Licence

Test Description

Internal Audit ensured that adequate steps are being taken to maintain the Operator’s Licence for Council vehicles and that the licence adequately reflects Councils fleet assets.

Findings

The operator’s licence was revised following local government reform and the merger of the former Derry City Council and Strabane District Council to become DCSDC. The current licence certificate covers the period from 30/03/15 – 30/03/2020. It is registered to the current Fleet Manager and covers 71 vehicles and 51 trailers.

Changes to vehicles in the period for which the licence covers are input to the Office of Traffic Commissioner’s online portal by the Fleet Manager. As he is the person responsible for procurement and disposal of vehicles he explained that he is fully aware of all permanent changes to vehicles.

Temporary vehicles e.g. those on hire are also required to be updated to the Operator’s licence. The Fleet Manager would be responsible for organising hire of any vehicles for Derry but changes in Strabane’s hired vehicles are notified to the Fleet Manager by the Fleet Supervisor, and the Fleet Manager will then update the online portal accordingly. Internal Audit was advised that prior to the engagement of the Fleet Supervisor at Strabane there was
a lack of assurance that all changes were notified to the Fleet Manager promptly, but this has now changed with the appointment of the Fleet Supervisor.

The Fleet Manager advised that the licence requires the organisation to have the following:

- A registered operating centre physically capable of holding the number of vehicles listed on the licence
- Financial Standing
- Good Reputation
- Maintenance Programme
- Certificate of Professional Competence Holder i.e. CPC

The Fleet Manager confirmed that all of the above are in place for DCSDC.

The Fleet Manager advised that DCSDC currently have the operator’s licence type (B) National. This means that the vehicles can operate anywhere within the UK but not internationally. All vehicles registered to this licence receive a blue disc to display on the vehicle.

**Issue**

Internal Audit note that at Strabane the DCI system is still being used for fuel and as such the vehicles are travelling to refuel in the RoI. As such clarification should be obtained to ensure licence type B is sufficient as this is restricted to the UK.

*See recommendation 5 below*

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**Test 7 Staff Training**

**Test Description**

Internal Audit ensured that all drivers have been made aware and have received training regarding their legal responsibilities regarding vehicle condition and the procedures for reporting defects.

**Findings**

The Fleet Manager advised that all drivers have been made aware and have received training regarding their legal responsibilities regarding vehicle condition and procedures for reporting defects. Internal Audit was advised that this would be included as part of induction training for new employees, plus all staff driving a vehicle above 3.5 tonne (i.e. the operator’s licence requirement) must hold a Drivers Certificate of Professional Competence (CPC). If the CPC Holder responsibilities or undertakings are not maintained, the CPC Holder and the operator licence holder faces the possibility of being subjected to enforcements and regulatory action. Such action could be the revocation of the operator licence and the CPC Holder and operator licence.
Therefore it is important that the Council ensure that all staff driving a vehicle above 3.5 tonne, hold this CPC. For a driver to obtain CPC they are required to attend 35 hours training. The CPC certificate is valid for 5 years and all drivers that have completed their CPC modules hold a registration card. This card must be carried at all times when driving the vehicle. The requirement is that this 35 hours of training has to be renewed every 5 years. The Fleet Manager advised for operational reasons the Council have decided that on an annual basis the employee should attend 7 hours training, to be in a position to automatically regain this after 5 years.

The Fleet Manager maintains a spreadsheet to record information relating to Derry Drivers and their CPC. At the initial date of fieldwork this information was not available for Strabane drivers for review by Internal Audit.

A handbook exists entitled ‘Safety in DCC Transport Operations’, however as recommended above, this hasn’t been reviewed in light of the new Fleet Management Policy nor has it been updated to reflect that it is not relevant to both Council areas.

Internal Audit was advised that remedial training is provided to drivers involved in accidents, if the accident was considered to be the driver’s fault.

See recommendation 6 below

Test 8  Health and Safety

Test Description

Ensure that an adequate Health & Safety Management System is in place.

Findings

Audit is satisfied that an adequate Health & Safety Management System is in place with DCSDC having been accredited with the Occupational Health and Safety Standard - OHSAS 18001. As such Fleet Management comply with completing Risk Assessments and Safe System of Work documentation. COSHH assessments are also completed in respect of products used in the workshop.

The Fleet Manager advised that the only Statutory Testing carried out is in respect of LOLER (Lifting operations and lifting equipment regulations) & PUWER (Provision and use of work equipment regulations). The Council’s insurance package includes the requirement for a company to undertake LOLER testing – i.e. the insurance broker appoints this company, with the insurance itself being subject to Council normal procurement procedures. The Council have appointed a company to ensure equipment is maintained in compliance with PEWER regulations.

No issues identified – no recommendations made
Test Description

Ensure that a forward plan for replacement of vehicles is in place and budgets are being appropriately managed to take account of this replacement plan.

Findings

Internal Audit was advised that there is a forward plan in place for the replacement of vehicles with monies included in the rates estimates every year. The Head of Environment advised that in the past there were different systems operational within Derry and Strabane in relation to the purchase of vehicles. DCC have up until now purchased vehicles on a loan charge basis, whereas Strabane purchased vehicles outright and accounted for this in the budget in the year when purchased.

The Head of Environment advised that the rationale is that vehicles would be expected to be replaced every 7 years. Currently due to Strabane’s purchasing method, a lot of the vehicles are dated and vehicles are required to be hired in. The Head of Environment advised that over the next few years both legacy council systems will be aligned so that the 7 year guide of replacement would apply. However the Head of Environment advised it will take 3 to 4 years to get into this schedule.

The Fleet Manager maintains a spreadsheet of the fleet to record when they are due for replacement however at the time of audit fieldwork this did not include all the relevant information in relation to the Strabane fleet. A separate spreadsheet is also maintained to calculate the projected cost of replacement - the projected cost is based upon 1.045 inflation x 7 years

Each year the Fleet Manager will produce a schedule and documentation to request the amount of budget for vehicle replacement which he considers he will need, based upon his projected cost methodology above. The Head of Environment advised that it has been agreed that the Lead Finance Officer, will now set aside £1m in each year’s budget going forward for the purchase of vehicles.

Issues

- Due to the ageing fleet at Strabane a lot of money is being spent on hiring vehicles so as to ensure all vehicles on the road are legal. The Directorate Accountant for Environment and Regeneration provided Internal Audit with information on vehicle hire costs – this was for the period April to September 2016 and amounted to £107,186. As a guide the hire of an RCB (bin lorry) is £750 per week. In addition Internal Audit was advised that these vehicles are hired on an ‘as and when needed’ basis, and that there are no overall contracts in place.
• The spreadsheets maintained by the Fleet Manager to record when vehicles are due for replacement does not include all Strabane fleet.

• The methodology employed to project the cost of replacement of vehicles needs to be kept under review to take account of any substantial changes in the rate of inflation.

See recommendation 7 below

Test 10 Third party Service Providers

Test Description

Ensure that adequate controls are in place to appoint and manage third party service providers.

Issues identified

Internal Audit reviewed spend in the previous financial year (15/16 and 16/17 to date of audit fieldwork, and from this selected a number of suppliers) to ensure that the procurement had taken place in compliance with DCSDC procurement policy. It should be noted that a detailed review of the exercises did not take place as this will be covered separately by a different audit in the future.

The following issues were identified from this testing:

• Although some suppliers form part of the overall annual tender process for DCSDC there are a number of Fleet Management suppliers who are not part of this process. However, as previously recommended there is still no panel of contractors in place for Fleet Management within the Council.

• Internal Audit noted that Single Tender Action documentation is not being completed when required for proprietary items in compliance with DCSDC procurement policy. The Fleet Manager did provide some evidence of occasions where he had completed a memo to the Head of Environment requesting authorisation to proceed with the purchase of individual items over £1500. However in instances when the overall level of spend to a supplier exceeded quotation / tender thresholds, and no quotes / tenders had been undertaken, single tender action documentation had not been completed. Internal Audit acknowledge that in some instances the parts for a certain type of vehicle can only be purchased from one supplier (e.g. Dennis refuse lorries), The Head of Environment has suggested that perhaps an alternative arrangement could be put in place and approved for 3 or 4 of the larger Fleet Management Suppliers of this nature.
• For one of the sample selected for review the supplier was being used even though the tender had been won by a different supplier. The Fleet Manager advised that this is because there were quality issues with the supplier who had won the tender exercise. However the Fleet Manager had no formal documentation to confirm the inferior quality of these items, but rather he advised he was basing this upon feedback from drivers.

• One of the sample selected for review related to DCI fuel. It was found that the cost for the 2015/16 financial year had exceeded tender thresholds, however no tender had been undertaken. Internal audit were advised that this arrangement had been inherited from Strabane legacy Council and had not been changed.

• There are no records maintained to ensure monitoring takes place of work completed by contractors.

• Internal Audit noted during testing that a number of contractors are charging carriage and mileage on their invoices.

  See recommendation 8 below

Test 11 Security

Test Description

Ensure that adequate security controls are in place to prevent theft or vandalism of the fleet.

Issues identified:

• Controls over visitor entry to site

  The Fleet Manager advised that within the Skeoge Operating Centre, visitors are requested to sign in and out and state who they are seeing, however, this did not happen on a number of occasions when Internal Audit visited the site.

  See recommendation 9 below

• CCTV

  During fieldwork on 10/08/16 Internal Audit viewed the CCTV cameras in operation within the Skeoge communications room and noted the following:
- Camera 12 PTZ moveable swivel camera, was pointed at a wall / area and showed nothing.

- Internal Audit reviewed all camera pictures. It was identified that the image on the 4 of the non workshop cameras were not completely clear. Internal Audit appreciate that the weather was inclement on the day of the visit, however the picture recorded from these cameras would be unreliable if video evidence was needed from the tapes.

- **Retaining information from CCTV coverage**
  This is currently kept on the hard drive of the machine for a maximum period of 1 month unless an incident is identified in which case it would be copied and kept until the investigation was complete.

  *See recommendation 9 below*

**Security of keys**

The Fleet Manager advised as per the Operator’s Licence requirements all vehicle keys must be returned to the Operating Centre each night. At Skeoge the driver’s keys are required to be returned to one of the 2 key cabinets within the security hut. Drivers are not required to sign keys in and out. Internal Audit noted from reviewing the security hut that the key cabinets within this area are left open so there is a possibility that any driver could lift a different driver’s keys.

*See recommendation 9 below*

**Perimeter checks**

Internal Audit was advised that premises checks and site inspections are carried out by the security member of staff onsite. The Fleet Manager advised that these staff members are supposed to do these checks at shift handover stage which takes about 5 minutes. They are required to walk around the perimeter fence, ensure there are no holes and adequate security fencing etc. However they are not required to sign anything as evidence that these checks have taken place.

*See recommendation 9 below*

**Parking of vehicles**

Internal Audit noted during fieldwork that although CCTV is on the premises the refuse lorries are parked close to the perimeter and are not under cover.

*See recommendation 9 below*
The issues from a police crime prevention report in 2012 – which are not yet implemented:

In 2012 following an incident on the legacy Derry site the PSNI undertook a visit and developed a report outlining a number of crime prevention recommendations. Internal Audit reviewed the progress on implementing the recommendations outlined in this report and noted that the following were still outstanding:

- **Perimeter** - Should be inspected on a regular basis for any breaches and these should be repaired as soon as possible.

  As per above, Internal Audit were advised that these are now carried out, however would recommend that evidence in the form of dates and times of the perimeter checks is maintained and signed off.

- **Alarms** - Consideration should be given to installing a panic alarm in the security hut.

  Internal Audit were advised that there is still no panic alarm installed.

- **CCTV** - Pictures described as poor quality and cameras should be updated to have night vision.

  As per above internal audit noted poor quality imaging during fieldwork on some of the cameras.

  Also the police recommendation stated that it is advisable to be registered under the Data Protection Act if images from CCTV are to be used in any Court proceedings.

  As stated above, Internal Audit were advised that a council wide data protection policy is in the process of being developed.

- **Clear signage around the property needs to be displayed indicating that CCTV is in operation.**

  Internal Audit recommend that signage is improved

- **Inventory held of items over £2,000 but would encourage maintaining an inventory of items below this threshold.**

  Internal Audit were not provided with any evidence of this inventory during fieldwork.
Test 12 Inventory

Test Description

Ensure that an inventory of all vehicles and equipment is maintained.

Issues identified

The Fleet Manager advised that he maintains his own fleet asset register. He maintains 1 sheet for each vehicle providing various details pertaining to the vehicle. He currently maintains this register for all Derry vehicles but not yet for the Strabane vehicles. Internal Audit confirmed with the Fleet Supervisor at Strabane that although a list of vehicles is maintained, an inventory similar to that operational within Derry is not in place.

The Fleet Manager advised that under local authority regulations all vehicles must be disposed of at auctions. He advised there are only 3 auction sites in Northern Ireland. He explained that the council would predominately use one auction site because they are the closest distance wise and because they de-logo the vehicles. However the reason for using this auction site over the other 2 is not formally documented and approved.

- Lack of assurance that all monies for disposal of vehicles at auction is being received

When vehicles go to auction the Fleet Manager will keep the disposal form with the details of the auction recorded, and a record of the date the vehicle was registered as SORN’d (i.e. date on which the statutory off road notification was completed). He would also remove the vehicle from the online portal for the operator’s licence. The Fleet Manager confirmed that when the vehicle is auctioned he does not follow up with finance staff to check if payment is received. Rather, the process is that the DCSDC cashier will identify the payment via review of the bank statements. She advised that normally on the same day she will receive an e-mail from the auctioneers with the remittance advice. However, if a vehicle went to auction, and the auction company did not follow through with payment upon sale of the vehicle, this would not necessarily be identified by the Council’s current process.

Internal Audit noted that there is no separate spreadsheet maintained of vehicles sent to auction to allow someone to see at the glance what vehicles have been auctioned, date they were auctioned, amount received, payment received etc.

See recommendation 10 below

Test 13 Drivers
Test Description

Ensure that driver numbers are continuously monitored and reviewed to ensure that there are sufficient drivers to deliver the service required.

Ensure that driver hours / tachographs are continuously monitored by a designated officer to ensure compliance with regulations.

Ensure that a driver’s handbook, is regularly reviewed and updated if required, and issued to all drivers.

Number of Drivers

The Fleet Manager advised that it is the responsibility of line managers to ensure there are sufficient drivers to deliver the service required.

Issues identified:

Tachograph information

Tachographs record information about driving time, speed and distance. They are used to make sure drivers and employers follow the law on driver’s hours.

Internal Audit was advised that the Council requires drivers to download their tachographs every week, though the legal requirement is 28 days. In addition the tachograph machine within the vehicle is legally required to be downloaded every 56 days, though Internal Audit were advised that the Council require this to be undertaken every 30 days. The Fleet Manager and Fleet Supervisor have implemented an excel spreadsheet system to monitor compliance with the legal requirement frequency to downloaded information. They highlight any exceptions to the line managers of the drivers concerned, to take corrective follow-up action.

The Freight Transport Association (FTA) have now been engaged by the Council to monitor tachograph information. They do this and produce reports back to Council. Internal Audit were provided with a sample of 2 different types of report as follows:

1) Driver upload compliance report – which provides information per driver on last upload and days since last upload, and highlights if the driver is compliant with the upload frequency (highlighted in green) or non-compliant (highlighted in red).

2) Driver daily / weekly analysis report – which provides information per driver per dates of driving and highlights and provides instances on any infringements.

Internal Audit were advised that these reports were distributed to the Fleet Manager and the line manager of the driver’s concerned. However there is a lack of assurance that any action is taken as a result of infringements identified. The Fleet Manager considers this to be the line manager’s responsibility.

See recommendation 11 below
Driver’s handbook

As highlighted above at page 8, Internal Audit recommends that the need for a revised handbook should be reviewed as a result of the recently revised policy on fleet.

Internal Audit review of the current handbook highlighted that it did not cover in sufficient detail some areas which, due to changing consumer habits, may not have been as relevant at the time the previous handbook was developed:

- **Use of mobile devices**

  While the handbook explicitly states that the use of hand held mobile phones is strictly prohibited, it states that all council vehicles will be provided with Bluetooth connectivity to mitigate this risk. However this should potentially be reviewed given more recent developments, e.g. the increased use of mobile phones and electronic devices and their potential impact on driver’s concentration.

- **Smoking**

  The current handbook at page 4 states that Skeoge is a no smoking area and at page 19 states that to reduce in cab distractions drivers should not smoke when driving. However the handbook provides no guidance as to electronic cigarettes.

- **Littering**

  The current handbook provides no information on littering while in charge of a Council vehicle.

  See recommendation 11 below

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**Test 14 Fuel**

**Test Description**

Ensure that adequate controls are in place to manage fuel. Ensure that a system has been developed to monitor fuel consumption (e.g. miles per gallon etc).

**Issues identified**

There are two different systems operational within Derry and Strabane sites.
Derry Operating Centre

- The Fleet Manager advised that for Derry drivers’, fuel is now obtained in house from the Skeoge yard and not via the Diesel Card Ireland (DCI) system as it was previously. This is recorded via a system known as ‘Jigsaw’ and various reports on fuel consumption can be produced. Internal Audit was advised that each vehicle has a fob on its keys that when swiped records the vehicle registration on the Jigsaw system. Each driver then must key in a 4 digit number personal to them every time they refuel. The Fleet Manager advised that this system has given him more control over the issue of fuel, however in terms of monitoring of reports, only limited functionality of the Jigsaw system is currently being used. The Fleet Manager advised that there is a lack of assurance around whether line managers are reviewing the reports. Additionally, he explained that due to the absence of a Fleet Supervisor at Skeoge he does not have the necessary time to follow up on these himself.

- The capacity of the tanks at Skeoge in comparison to the fleet’s requirements remains an issue i.e. at Skeoge there are 3 separate fuel tanks – 1 for each type of fuel:
  - Diesel (holds 10,800 litres)
  - Gas oil (holds 2600 litres)
  - Ad Blue – (holds 3200 litres)

This capacity is not large in comparison to the fleet’s requirements, therefore, frequent deliveries of fuel to the Skeoge site are required.

Strabane Operating Centre

Strabane drivers are encouraged to fuel via the DCI system and only use the onsite tanks as a contingency arrangement. Strabane management advise this is because they consider the DCI system to be better pricewise due to the price of fuel in the RoI. Internal Audit however noted a number of weaknesses in Strabane in relation to both the Jigsaw and DCI systems in use.

Jigsaw system – on site fuelling

- Within Strabane each vehicle has a fob on its keys that when swiped records the vehicle registration on the Jigsaw system, however, in contrast to Derry each driver does not have a 4 digit number personal to them. As such the reports produced by the Jigsaw system will not facilitate any review to be undertaken per driver.

- There is minimal review of the reports available from the Jigsaw system from Strabane in relation to fuel usage. Rather an overview report is printed and issued to the Directorate Accountant for Environment and Regeneration for costing purposes.
The Strabane administrator advised she will enter cost codes on this report but does not specifically review any miles per gallon usage. Internal Audit viewed the reports that are extracted from this system and noted that for Gas oil and Adblue, miles per gallon (mpg) information is not available. MPG information is included on the Diesel report, however, there are a number of occasions when the opening distance is recorded higher than the closing distance and so the MPG calculation is inaccurate. In addition there was a lack of assurance that any specific monitoring was undertaken of the MPG information recorded.

DCI Cards

Internal Audit noted a number of weaknesses in the DCI system being used as follows:

- The card identification is attached to a vehicle, but there is no way of identifying which driver obtained the fuel

- There is no specific monitoring undertaken of the expiry dates of the DCI cards.

- There are no documented procedures in place for drivers in relation to the fuelling of vehicles using the DCI system. Similarly there are no restrictions on the time at which the driver can refuel. The requirement to have documented procedures for drivers using the DCI system was recommended previously by Internal Audit in a former legacy Derry City Audit Report when the DCI system was operational within Derry.

- There are no vehicle or driver log books in operation to be completed by each driver each time they fuel up.

Although the amount being spent on the DCI system annually would warrant a tender to be undertaken, the current provider was not subject to a tender exercise. Rather, Internal Audit was advised this was the provider operational within Strabane prior to Local Government Reform and they were just chosen at that time due to the cheaper fuel rate over the border and proximity to Derry.

There are no specific reports available from the DCI system for review or monitoring. Rather an invoice is just received from the supplier. However this does not identify the driver or provide any information on MPG of vehicles. As such there is no monitoring taking place to identify trends in fuel consumption per vehicle over time. As part of testing, Internal Audit analysed invoices for the month of August 2016 which highlighted the following weaknesses:

- Mileage was not being recorded accurately on all occasions
For 2 vehicles (for 1 vehicle 1 instance in the month, and for 1 vehicle 2 instances in the month) nil mileage was recorded. In addition for 2 vehicles the mileage recorded was incorrect in that the mileage recorded at later dates was less than the mileage recorded at earlier dates.

- The quantity of fuel dispensed was recorded inaccurately in 1 instance – being recorded as 0.06 litres.

- The calculation by Internal Audit of MPG for a number of the vehicles differed substantially from what would be expected for the type of vehicle. (NB Internal Audit had confirmed the average MPG with the Strabane Refuse Collection Manager). Internal Audit appreciate that in the instances where the mileage was recorded inaccurately this would have an impact on the MPG calculation, but even when mileage appeared to be recorded correctly there were still much lower MPG’s calculated than what would be expected for the vehicle type.

The Head of Environment had advised that he is reviewing the area of fuel for vehicles currently and is intending to go out to tender for a new DCI system to be used at both Operating Centres. However at the date of audit fieldwork this tender had not been issued.

*See recommendation 12 below*

**Test 15 Previous audit recommendations**

**Test Description**

Ensure that all previous audit recommendations have been implemented.

**Findings**

An audit was carried out in fleet management in the former legacy Derry City Council with the Final Report issued in January 2013. A number of recommendations were made in areas such as:

- Fleet Safety Policy;
- Use of DCI cards;
- CCTV cameras;
- Use of tachographs;

The scope of this audit covered these areas and the previous recommendations in consideration of the new arrangements for Derry City and Strabane District Council. The previous recommendations were either implemented, superseded or have been re-iterated in this report and where necessary new recommendations have been made.
Acknowledgements

Internal Audit would like to take this opportunity to thank the Fleet Manager and Fleet Supervisor within Strabane for their assistance in compiling this report.
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<tr>
<td><strong>1. Fleet Safety Policy / Fleet Handbook</strong></td>
<td>The policy has now been adopted by Council with the contents communicated to all relevant staff over the next number of weeks through team briefings etc. In addition a copy of the policy will be placed in each vehicle so that drivers can refer to directly if needed. Additionally the policy will be available on Councils intranet system.</td>
<td>January 2017</td>
<td>1</td>
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<tr>
<td>Internal Audit recommends that the Fleet Policy is communicated to all relevant staff as soon as possible. In addition, Management should review the need for the Handbook. If it is considered this is still required, then this should be reviewed and updated accordingly to become a DCSDC document. This too should be communicated to all employees within DCSDC. Management should ensure that all staff sign an acknowledgement slip to acknowledge receipt of the revised handbook.</td>
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<td><strong>2. Inspections:</strong></td>
<td>Service managers have been reminded of this requirement and will communicate this individually to each driver through a tool box talk. In addition this requirement will also be reinforced at team</td>
<td>January 2017</td>
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<tr>
<td>Driver’s daily walk around inspections</td>
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<tr>
<td>• Internal Audit recommends that all drivers are formally reminded of the importance of completing the ‘Drivers daily vehicle check and defect form’. They should be made aware of their responsibility to undertake this check and to</td>
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<td>complete the ‘Driver’s daily vehicle check and defect form completely and accurately. Drivers should be reminded of where one copy of the form should be left upon completion. In addition all drivers should be reminded of the importance of ensuring that the book of forms is located within the vehicle at all times.</td>
<td>briefings. Managers will also randomly inspect logs for compliance.</td>
<td>January 2017</td>
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<tr>
<td>• Internal Audit recommends that the Fleet Manager at the Derry Operating Centre and the Fleet Supervisor at the Strabane Operating Centre should carry out random sample checks on different days as assurance that the forms have been appropriately completed. Records should be maintained of these sample checks being undertaken.</td>
<td>The Fleet Manager and Fleet Supervisor at Strabane will undertake random inspections to ensure compliance.</td>
<td>January 2017</td>
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<tr>
<td>• The Fleet Manager should confirm with the regulating authority the period of time for which the Drivers daily vehicle check and defect form should be kept. Additionally, management should put in appropriate arrangements to ensure that the forms are maintained for this time period before being securely disposed of in compliance with the DCSDC disposal policy.</td>
<td>The Fleet Manager has checked and advises that these must be retained for 6 weeks post completion. Documents will be disposed of in consideration of the Councils document disposal policy.</td>
<td>Completed</td>
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**Issues at the Strabane Operating Centre**
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<tr>
<td>• Internal audit recommends that all drivers are reminded of their responsibility to log the vehicle they are driving onto the telemetry system. Internal Audit was advised that it is the drivers line managers and not the Fleet Manager/ Fleet Supervisor who are responsible for ensuring drivers log onto the system.</td>
<td>Drivers have been reminded of this obligation and that failure to comply may result in disciplinary action. Service managers will monitor the system for compliance and action accordingly.</td>
<td>Completed</td>
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<td><strong>6 weekly preventative maintenance inspections by mechanics</strong></td>
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<td>Internal Audit recommend that management review the supervisory control arrangements in place around the 6 weekly preventative maintenance inspections. Evidence should be available to management to assure them that:</td>
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<td>- The inspections are being carried out at the required frequency</td>
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<td>- To the correct quality</td>
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<td>- With uniform arrangements being in place for Derry and Strabane</td>
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<td>Additionally care should be applied to ensure that vehicles are recorded on the correct spreadsheet (i.e. whether Derry or</td>
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<tr>
<td>Strabane) so that the inspections are not overlooked.</td>
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<tr>
<td><strong>Annual preventative maintenance inspections</strong></td>
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<tr>
<td>Internal Audit recommends that care is taken to ensure the spreadsheets for annual preventative maintenance are updated accurately with all dates as recorded on corresponding inspection documentation.</td>
<td>As part of the review mentioned above a ‘quality control’ process will be introduced to ensure consistency across both sites and that data records are completed and accurate.</td>
<td>March 2017</td>
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<td><strong>3. Vehicle defect report forms</strong></td>
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<td>Internal Audit recommends that clarification is obtained as to how many signatures the drivers are required to include on this form to be legally compliant or to comply with Best Practice. Management should clarify whether it is necessary that the form details the driver at the top and have signatures at both the vehicle checks and defects part. The confirmed arrangements should then be communicated clearly to all drivers. (Recommendations have already made above in relation to the completeness and accuracy of the ‘Drivers daily vehicle check and defect form’ and random sampling of these forms by supervisors).</td>
<td>Drivers are only legally required to sign once to confirm their identity when carrying out a pre-use inspection of their respective vehicle. If however a defect is identified then the lower ‘Defect Reporting’ section must be completed and this also signed off by the driver to register that he/she has officially reported the fault. This is communicated to all drivers via DCPC training and via the Fleet Safety Policy (2016)</td>
<td>Completed</td>
<td>2</td>
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<td><strong>4. Vehicle Monitoring</strong></td>
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<tr>
<td><strong>Timeliness of obtaining road tax</strong></td>
<td>A process is in place with regard to the taxing of vehicles as noted with payment applications submitted in so far as is possible in good time.</td>
<td>Completed</td>
<td>1</td>
</tr>
<tr>
<td>Under no circumstances should council controls be circumvented. A regular review of the tax expiry spreadsheet is a good control to monitor those taxes which are expiring soon. An application to Finance for payment of the necessary fee should be made in sufficient time to allow the vehicles to be taxed before the expiry date. Alternatively the facility to renew online should be explored.</td>
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<tr>
<td><strong>Accuracy of tax spreadsheet</strong></td>
<td>Agreed</td>
<td>Completed</td>
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<td>Changes to vehicles should be promptly updated to all relevant spreadsheets.</td>
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<tr>
<td><strong>Driving Licence Checks</strong></td>
<td>DVANI advise that they will only accept a maximum of 20 applications at any one time. This limitation thereby requires that submission of driver checks are staggered throughout the year.</td>
<td>Completed</td>
<td></td>
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<td>- Rather than having the check of mandates undertaken periodically throughout the year, Internal Audit recommends that this is all undertaken at the commencement of each financial year. This would mean it would be easier to identify a complete list of drivers who do not return the mandate.</td>
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<tr>
<td>- Internal Audit recommends that the requirement to annually return a mandate to the Council is included in the contract of employment for all employees who may be required to drive a council vehicle at any time in the duration of their employment.</td>
<td>HR are presently reviewing this requirement with the intention of making this an annual mandatory requirement.</td>
<td>March 2017</td>
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<tr>
<td>- Internal Audit recommends that senior management clarify whose responsibility it is to follow up mandates that are not returned – i.e. is it the Fleet Manager or the employee’s line manager responsibility.</td>
<td>It is the responsibility of service managers to ensure that mandates have been completed, returned to the Fleet Manager and reviewed once returned from DVLANI.</td>
<td>Completed</td>
<td></td>
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<tr>
<td>- Management should identify what action will be taken for those drivers who do not return the mandate given the risks associated with driving a council vehicle illegally.</td>
<td>Drivers who do not return completed mandates will be prevented from driving until the mandate has been completed and validated. HR are presently reviewing this requirement with the intention of making this an annual mandatory requirement.</td>
<td>March 2017</td>
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<tr>
<td>- For all Strabane drivers Internal Audit recommends that an application to DVLA to undertake this check should take place ASAP</td>
<td>All Strabane drivers have completed mandates and these have been submitted to the DVLANI.</td>
<td>Completed</td>
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5. **Operator’s licence**
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<tr>
<td>Internal Audit recommends that the Fleet Manager seek clarification in writing from the regulators to confirm if type ‘B’ licence permits the drivers to travel to the RoI for fuelling purposes.</td>
<td>Currently DCSDC hold a National Operator’s Licence. From a legal perspective this would not permit crossing of geographic border in the course of their business. For the purpose of refuelling only, the Transport Regulation Unit (TRU) have stated that this is permissible as long as no objection is raised from the Garda Siochana or the Road Safety Authority (RSA).</td>
<td>Completed</td>
<td>2</td>
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<td><strong>6. Staff training</strong></td>
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<td>In light of the result of the weaknesses identified within driver checks and defects test above, management should consider if drivers require further training on how to accurately complete these forms.</td>
<td>Service managers will discuss and advise of this process during team meetings and provide individual support to employees if required.</td>
<td>March 2017</td>
<td>2</td>
</tr>
<tr>
<td>Internal Audit recommend that a review is undertaken of Strabane drivers to ensure they meet the CPC, and the same system operational within Derry for monitoring this and organising training is applied to Strabane drivers.</td>
<td>Service Managers assisted by the Fleet Manager are at present reviewing arrangements with regard to the CPC requirement for the Strabane based drivers and will action as appropriate.</td>
<td>March 2017</td>
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<td><strong>7. Forward plan for replacement of vehicles</strong></td>
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<td>• Business cases should be developed to weigh up the</td>
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<tr>
<td>Amount of monies that are currently being spent on hiring in vehicles versus the cost of replacement. Internal Audit acknowledge that £1m is now to be set aside in each year's budget to replace fleet however it may be more cost efficient to spend a greater amount in the early years so as to avoid large hire charges.</td>
<td>A review of these arrangements has been completed and a plan is now in place to deal with this matter. The Lead Finance Officer and Directorate Accountant have been consulted on and are in agreement with the measures proposed. Officers are at present drafting tender documentation with regard to this and intend to issue once completed.</td>
<td>Completed January 2017</td>
<td>2</td>
</tr>
<tr>
<td>Management should explore putting in place call off contracts with hire firms to determine whether better rates for hire of vehicles could be obtained.</td>
<td></td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>The spreadsheets maintained by the Fleet Manager to record when vehicles are due for replacement should be updated ASAP to include all Strabane fleet.</td>
<td>Completed</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>The methodology to project the cost of replacement of vehicles should be kept under review.</td>
<td>Discussions have taken place with the Lead Finance Officer and the Directorate Accountant with regard to this matter with arrangements as at present under review.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>8. Third Party Service Providers</td>
<td></td>
<td>Completed January 2017</td>
<td>1</td>
</tr>
<tr>
<td>Internal Audit recommend that the Fleet Manager review</td>
<td>Tender documentation is presently being</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table of Recommendations

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>spend per contractor on a 6 monthly or annual basis to ensure that quotation / tender thresholds are not being breached and to further the development of a panel of contractors for Fleet Management within the Council.</td>
<td>drafted with regard to this issue to include the broad range of services required. This document will be issued in consideration of Councils procurement obligations. The Fleet Manager will review the spend per contractor to ensure compliance with spending thresholds.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>• In compliance with DCSDC procurement policy, Single Tender Action documentation should be completed when required for proprietary items. As suggested by the Head of Environment it should be investigated whether an alternative arrangement can be put in place for 3 or 4 of the larger Fleet Management suppliers, where the parts for certain vehicles can only be obtained from the vehicle supplier.</td>
<td>• STA’s are completed where appropriate. As detailed in the report in some instances replacement parts can only be purchased from the vehicle provider / agent. These arrangements are reviewed periodically and quotations sought where possible.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>• Care should be taken to ensure quotations / tenders are undertaken for all spend which is not regarded as proprietary or as per any agreement reached in line with the above recommendation.</td>
<td>• Quotation / tenders are sought / issued where possible.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>• Internal Audit recommend that management re-examine how quality is considered in any tender exercise and</td>
<td>• In all instances the Fleet Manager and employees use quality parts in effecting repairs on all vehicles. Where inferior or substandard</td>
<td>Completed</td>
<td></td>
</tr>
</tbody>
</table>
### Table of Recommendations

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<tr>
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<tbody>
<tr>
<td>clauses should be included within contracts to deal with the receipt of inferior quality products. As such, in any instances when a tender is awarded and the product quality is inferior this should then be dealt within the remit of the contract by invoking the appropriate clause. Formal evidence should be maintained of the inferior quality of any products.</td>
<td>parts have been supplied these have been returned to the supplier. Tender specifications and accompanying documentation will be modified to address issues relating to the supply of substandard or inferior products. In future where this arises the tender will be reissued in full consideration of procurement guidelines. The Fleet Manager will also discuss and agree with the Purchasing Manager what if any other options are available.</td>
<td>April 2017</td>
<td></td>
</tr>
<tr>
<td>• Internal audit recommends that any arrangement over quotation / tender threshold inherited from Strabane legacy Council should be reviewed to identify if a new quality / tender exercise is required.</td>
<td></td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>• Internal Audit recommends that all contractors are formally monitored regularly and records are kept to ensure that they are delivering to the required standard.</td>
<td>• Unified purchasing arrangements are now in place across both sites using the model utilised at Skeoge.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The Fleet Manager / Supervisors at each site will monitor the performance of all subcontractors and take actions with regard to quality / performance as appropriate.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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</thead>
<tbody>
<tr>
<td>• If it is necessary for contractors to charge carriage and mileage, then this should be included as part of any quotation / tender exercise.</td>
<td>• This will be included in all future quotation / tendering exercises</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>9. <strong>Security</strong></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>• <strong>Controls over visitor entry to site</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Audit recommends that security should be reminded that they should ensure all visitors sign in and out of the site, and state who they are seeing. Internal Audit recommends that the Fleet Manager should review security records periodically to ensure this is taking place.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• <strong>CCTV</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Internal Audit recommends that care is taken to ensure the swivel cameras at the Skeoge site are pointing in the right direction.</td>
<td>- The Fleet Manager has communicated this requirement to the security team.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>- Internal Audit recommends that a review is undertaken to assess if the quality of the images from non-workshop cameras within the Skeoge Operating Centre is sufficient, or whether consideration needs to be given to updating the</td>
<td>- A review of CCTV will be undertaken in consideration of the comments noted.</td>
<td>March 2017</td>
<td></td>
</tr>
</tbody>
</table>
## Table of Recommendations

<table>
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<tr>
<td>cameras so that the images are clearer.</td>
<td>- Council is at present reviewing all arrangements with regard to CCTV operation including the system in use at this location. The Fleet Manager will ensure full compliance with this policy (ies) once complete.</td>
<td>April 2017</td>
<td></td>
</tr>
<tr>
<td>- Internal Audit recommends that any surveillance is undertaken in compliance with the Data Protection Act. The Head of Environment advised that the Lead Democratic Services and Improvement Manager is currently working on developing a policy re the protection of data on a council wide basis, and when this is completed Fleet Management should ensure compliance with this policy also.</td>
<td>- The M &amp; E Supervisor will review and action as appropriate.</td>
<td>April 2017</td>
<td></td>
</tr>
<tr>
<td>- Internal Audit recommends that signage is improved to highlight all areas monitored by CCTV</td>
<td>- The M &amp; E Supervisor will review and action as appropriate.</td>
<td>April 2017</td>
<td></td>
</tr>
<tr>
<td><strong>Retaining information from CCTV</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Audit recommends that information should be maintained on the hard drive for a longer period than 1 month, as issues could be identified outside of this timeframe and the information would not be available. Alternatively, if this is not possible due to storage limitations, Internal Audit recommends that a tape is made of each day and stored securely, so that this can be used in the event of any incidents requiring investigation at a later date.</td>
<td></td>
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<tr>
<td><strong>Security of keys</strong></td>
<td>Service Managers have been instructed to advise drivers as to this requirement with the Fleet Manager implementing arrangements with the security team. The Fleet and Service Managers will also consider how to implement this requirement at Strabane given that there’s not a 24 hour security presence at this location.</td>
<td>April 2017</td>
<td></td>
</tr>
<tr>
<td><strong>Perimeter Checks</strong></td>
<td>The Fleet Manager will implement this requirement with the security team.</td>
<td>January 2017</td>
<td></td>
</tr>
<tr>
<td><strong>Parking of vehicles</strong></td>
<td>Parking arrangements are currently being reviewed at this location.</td>
<td>January 2017</td>
<td></td>
</tr>
<tr>
<td><strong>Crime Prevention Recommendations</strong></td>
<td>Fence – this is inspected on a nightly basis by the security company with the property section</td>
<td>Completed</td>
<td></td>
</tr>
</tbody>
</table>
### Table of Recommendations

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</thead>
<tbody>
<tr>
<td>Recommendations from the 2012 Crime Prevention Report are reviewed by management and action is taken to address these as soon as possible.</td>
<td>conducting quarterly monthly basis with all repairs effected immediately. CCTV has been installed within the workshops and extensive improvements made to security lighting. The M and E manager is at present progressing all other elements of the report in relation to CCTV and the alarm system.</td>
<td>Completed April 2017</td>
<td></td>
</tr>
</tbody>
</table>

#### 10. Inventory

- Internal audit recommends that the fleet asset register is updated for all Strabane vehicles as soon as possible.
- Internal Audit recommends that the reasons for using the preferred auction site should be formally documented and approved.
- Internal Audit recommends that a complete audit trail is maintained for the sale of vehicles at auction to ensure all income is received from the sale. Senior management should decide upon who is responsible for performing a check to ensure all vehicles taken to auction and disposed

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<tbody>
<tr>
<td></td>
<td>The Fleet Manager has reviewed and updated the register.</td>
<td>Completed</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>The Fleet Manager has documented the rationale for this process.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Fleet Manager has developed and uses a spreadsheet to record these details. A Fleet Disposal Record showing (1) When disposal took place and which auction co. used (2) The relevant remittance statement from the</td>
<td>Completed</td>
<td></td>
</tr>
</tbody>
</table>
## Table of Recommendations

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<tr>
<td>have a corresponding income. As per above Internal Audit would recommend that a spreadsheet is developed to record vehicles sent to auction, date auctioned, amount received, date payment confirmed. This would ensure a complete audit trail is maintained to confirm that all income expected had been received.</td>
<td>Auction co showing sale price (3) The SORNED confirmation from DVLA Swansea. This closes the audit loop from procurement to disposal of all Fleet Assets.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Drivers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tachograph information</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Audit recommends that it should be clarified and formally agreed as a matter of urgency, whose responsibility it is to review the reports received from the Freight Transport Association and take the necessary corrective action to deal with any infringements identified.</td>
<td>The Fleet and Service Managers review the details returned and action as appropriate.</td>
<td>Completed</td>
<td>1</td>
</tr>
<tr>
<td>Driver’s handbook</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As highlighted previously, consideration should be given as to whether a revised driver’s handbook should be developed. The areas highlighted above by Internal Audit should be considered in any future development of a manual.</td>
<td>The Fleet Manager is presently reviewing the details in the handbook to reflect the amended Fleet Policy and to include all of the issues raised through this audit.</td>
<td>April 2017</td>
<td></td>
</tr>
<tr>
<td>12. Fuel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommendations</td>
<td>Management Response</td>
<td>Implementation Date</td>
<td>Priority</td>
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</tr>
<tr>
<td>Internal Audit recommends that if a tender is going to be issued for a new DCI system at both sites that this is undertaken as soon as possible. Management should ensure that the tender includes all control aspects required for management of fuel using a DCI system. Internal Audit acknowledge that this solution would address any capacity issues of the tanks at the Skeoge operating centre.</td>
<td>Tender documentation is being prepared with regard to this. Issues with regard to exchange rates etc have reduced the benefit of this arrangement and presently the majority of the refuelling at Skeoge takes place in-house. This is currently managed and controlled via the ‘Jigsaw’ fuel management system which provides a stringent audit trail and a plethora of management reports. The majority of the fuel at the Strabane depot is still purchased through the DCI system in consideration of pre-existing arrangements. This is presently under review as highlighted above.</td>
<td>Under review</td>
<td>1</td>
</tr>
<tr>
<td>In the interim period until the tender is awarded, Internal Audit recommends the following:</td>
<td>The Fleet Manager and supervisors review fuel usage at both locations. In addition the Refuse Collection Manager at Strabane validates fuel usage prior to passing the invoice for payment. Discussions have also taken place between section management and the Directorate Accountant with regard to this matter and in particular as to the</td>
<td>Under review</td>
<td>April 2017</td>
</tr>
<tr>
<td>Recommendations</td>
<td>Management Response</td>
<td>Implementation Date</td>
<td>Priority</td>
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</tr>
<tr>
<td>• That Strabane drivers should be issued with a 4 digit number personal to them for the Jigsaw system and this should be used every time they refuel on site.</td>
<td>At present the Strabane based drivers using the DCI system are required to input a 4 digit number to access the system and must also input their name, vehicle registration and mileage details. The refuse Collection Manager validates these details for all users of the DCI system at Strabane. All drivers have been reminded of this requirement.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>• That all drivers should be reminded of the requirement to enter accurately their mileage details when refuelling. Appropriate action should be taken to address weaknesses in this area.</td>
<td></td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td><strong>Specifically for the current DCI system in operation:</strong></td>
<td></td>
<td>Under Review</td>
<td></td>
</tr>
<tr>
<td>• It should be investigated if there is any way of identifying which driver obtained the fuel and ensuring this information is included within the invoices.</td>
<td>At present the Strabane based drivers using the DCI system are required to input a 4 digit number to access the system and must also input their name, vehicle registration and mileage details. The refuse Collection Manager validates these details for all users of the DCI system at Strabane. DCI are currently working on adding ‘Driver Identification’ to their management system but this</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommendations</td>
<td>Management Response</td>
<td>Implementation Date</td>
<td>Priority</td>
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</tr>
<tr>
<td>• The expiry dates of the DCI cards should be monitored.</td>
<td>Fleet Manager did monitor DCI card expiry dates via an excel spreadsheet for Derry vehicles. However as this was phased out in Derry and cards not renewed he ceased to perform this function. DCI cards operational within Strabane and this info will be monitored going forward.</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>• Documented procedures should be developed and communicated to drivers in relation to the fuelling of vehicles using the DCI system.</td>
<td>Agreed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Vehicle or driver log books should be implemented, to be completed by each driver each time they fuel up.</td>
<td>The Strabane based drivers enter these details on the daily log book – i.e. fuel obtained, source etc. these are inspected randomly by service managers and cross referenced against the DCI invoice</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>• An analysis should be undertaken of the invoices received from the DCI supplier to include the identification of MPG per vehicle. Any large variations from the MPG expected for this type of vehicle should be reviewed and</td>
<td>As stated above the Refuse Collection Manager reviews fuel usage of the Strabane based vehicles and trends use historically across the fleet. Any significant variances are investigated to determine the cause.</td>
<td>Completed</td>
<td></td>
</tr>
</tbody>
</table>
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</thead>
<tbody>
<tr>
<td>investigated.</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
Internal Audit have recently introduced a ‘System Priority level’ to audit reports. The system priority level identifies the significance of the system under review towards achievement of the Council’s objectives.

This will help management to easily identify significant issues at an organisational level. There are 3 ratings as follows:

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Failure to implement the recommendations is likely to result in a major failure of a key Council objective, significant damage to the reputation of the Council or the misuse of public funds.</td>
</tr>
<tr>
<td>B</td>
<td>Failure to implement the recommendations could result in the failure of an important Council objective or could have some impact on a key Council objective.</td>
</tr>
<tr>
<td>C</td>
<td>Failure to implement the recommendation could lead to an increased risk exposure.</td>
</tr>
</tbody>
</table>
## Appendix (ii) Classification of Audit Assurance

Internal Audit have recently reviewed the classification of audit assurance levels. These continue to be based upon the system under review. The 3 new Assurance levels are ‘Satisfactory’, ‘Improvement needed’ and ‘Major Improvement needed’. The definitions have been reworded to match the new Assurance levels.

The new assurance levels and definitions are as follows:

<table>
<thead>
<tr>
<th>Level of Assurance</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td><em>Evaluation opinion:</em> Overall controls are adequate and effective to provide reasonable assurance that risks are managed. While there may be some issues identified and recommendations raised, this should not significantly impact on the achievement of objectives.</td>
</tr>
<tr>
<td>Improvement needed</td>
<td><em>Evaluation opinion:</em> Significant control weaknesses were noted and recommendations raised. There is considerable risk that the system will fail to meet its objectives.</td>
</tr>
<tr>
<td>Major Improvement needed</td>
<td><em>Evaluation opinion:</em> Numerous significant control weaknesses were noted and recommendations raised. The system has failed or there is a real risk that the system will fail to meet its objectives.</td>
</tr>
</tbody>
</table>
# Appendix (iii) Implementation Priority

Implementation priorities are based upon Internal Audit’s opinion on how quickly the recommendations should be implemented, relevant to their importance in the system under review.

There are 3 different priority ratings as follows:

<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Weakness which should be addressed immediately.</td>
</tr>
<tr>
<td>2</td>
<td>Weakness, which is not fundamental but should be addressed in the short term (6 months).</td>
</tr>
<tr>
<td>3</td>
<td>Improvement, which represents best practice.</td>
</tr>
</tbody>
</table>

The Action Plan contains the priority both of the system and the recommendation.