

Report to Audit Committee

Agenda
Item:

A.5

Meeting Date: 8 July 2021
Portfolio: Finance, Governance and Resources
Key Decision: Not applicable
Within Policy and Budget Framework YES
Public / Private Public

Title: Internal Audit Report – Driver Checks (Follow-Up)
Report of: CORPORATE DIRECTOR FINANCE & RESOURCES
Report Number: RD20/21

Purpose / Summary:

This report supplements the report considered on Internal Audit Progress 2020/21 and considers the follow up review of Driver Checks.

Recommendations:

The Committee is requested to

- (i) receive the final audit report outlined in paragraph 1.1;

Tracking

Audit Committee:	8 July 2021
Scrutiny Panel:	Not applicable
Council:	Not applicable

1. BACKGROUND INFORMATION

- 1.1 A follow-up audit of Driver Checks was undertaken by Internal Audit in line with the agreed Internal Audit plan for 2020/21. The original audit completed in December 2019 provided partial assurance and included 4 recommendations (3 high graded). The follow-up, appended as **Appendix A** of this report found assurances have increased to reasonable and includes 4 recommendations (1 high graded).

2. RISKS

- 2.1 Findings from the individual audits will be used to update risk scores within the audit universe. All audit recommendations will be retained on the register of outstanding recommendations until Internal Audit is satisfied the risk exposure is being managed.

3. CONSULTATION

- 3.1 Not applicable

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Committee is asked to

- i) receive the final audit report as outlined in paragraph 1.1;

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 5.1 To support the Council in maintaining an effective framework regarding governance, risk management and internal control which underpins the delivery the Council's corporate priorities and helps to ensure efficient use of Council resources.

Contact Officer: Michael Roper
Appendixes Driver Checks (Follow-up) –
Appendix A

Ext: 7280

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS:

Legal – In accordance with the terms of reference of the Audit Committee, Members must consider summaries of specific internal audit reports. This report fulfils that requirement.

Finance – Contained within the report

Equality – None

Information Governance – None

Audit follow up of Driver Checks

Draft Report Issued: 13 April 2021

Director Draft Issued: 27 May 2021

Final Report Issued: 2 June 2021



Audit Report Distribution

Client Lead:	Fleet and Depot Manager Neighbourhood Services Manager
Chief Officer:	Deputy Chief Executive Chief Executive Corporate Director Governance & Regulatory Services
Others:	Safety, Health & Environmental Manager Service Support Supervisor HR Manager Payroll & iTrent Supervisor
Audit Committee	The Audit Committee, which is due to be held on 08 th July 2021 will receive a copy of this report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Designated Head of Internal Audit.

1.0 Background

- 1.1. This report summarises the findings from a follow up audit of Drivers Checks. This was an internal audit review included in the 2020/21 risk-based audit plan agreed by the Audit Committee on 30th July 2020.
- 1.2. The original audit was carried out in December 2019, resulting in a conclusion of partial assurance rating and four recommendations. A management action plan was completed detailing agreed actions, responsible manager and implementation dates to address the recommendations (Appendix A). This report provides an update on progress made against this action plan.

2.0 Audit Approach

Audit Objectives and Methodology

- 2.1 Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.
- 2.2 A risk based audit approach has been applied which aligns to the five key audit control objectives (see section 4). Detailed findings and recommendations are reported within section 5 of this report.
- 2.3 The Client Lead was asked to provide an update on progress made implementing the agreed actions. Internal Audit then undertook testing as necessary to confirm that actions have been fully implemented and that controls are working as intended to mitigate risk

Audit Scope and Limitations.

- 2.4 The original scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following risk areas:
 - Officers and Members are driving on Council business without appropriate licence and/or insurance requirements in place resulting in financial and or reputational damage and legal proceedings against the Council
- 2.5 It is the responsibility of management to monitor the effectiveness of internal controls to ensure they continue to operate effectively.
- 2.6 There were no instances whereby the audit work undertaken was impaired by the availability of information, however some testing was limited due to the recent changes in working patterns resulting from Covid-19 Pandemic and Lockdown / Stay at Home restrictions for many Officers during 2020 and early 2021.

3.0 Assurance Opinion

- 3.1 Each audit review is given an assurance opinion intended to assist Members and Officers in their assessment of the overall governance, risk management and internal control frameworks in place. There are 4 levels of assurance opinion which may be applied (See **Appendix C** for definitions).
- 3.2 Where the findings of the follow up confirm that actions have been successfully implemented and controls are working effectively, the internal audit assurance opinion may be revised from that provided by the original audit.
- 3.3 From the areas examined and tested as part of this follow up review we consider the current controls operating within Drivers Check Follow-up Audit provide **reasonable assurance**, revised from partial assurance from the original audit carried out in 2019/2020.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0 Summary of Recommendations, Audit Findings and Report Distribution

- 4.1 There are two levels of audit recommendation; the definition for each level is explained in **Appendix D**.
- 4.2 The previous audit included 4 recommendations (See Appendix A) of which:
- 2 agreed action has been successfully implemented.
 - 2 agreed actions have been partially implemented.
- 4.3 Audit recommendations arising from this audit review are summarised below:

Control Objective	High	Medium
1. Management - achievement of the organisation's strategic objectives	-	1
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	1	2
3. Information - reliability and integrity of financial and operational information	-	-
4. Security - safeguarding of assets	-	-

5. Value – effectiveness and efficiency of operations and programmes	-	-
Total Number of Recommendations	1	3

4.4 Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix B.

4.5 **Findings Summary:**

There is a comprehensive policy established which places responsibility for checking insurance and driving licenses with line managers. The Council's travel policy also places onus on individuals to obtain suitable insurance.

During the original Driver's Check audit it was identified that not all line managers were aware of the policies or their responsibilities to carry out appropriate checks. The agreed follow-up actions and the increased communication and awareness driven by the Fleet and Depot Manager has improved the awareness greatly across the City Council regarding the required checks to be carried out.

A few minor improvements and the ability to provide updates electronically in the future will ensure that the required Driver Checks are embedded across the Council and best practice is adhered to. Ensuring that The Drivers Handbook is printed and circulated to relevant Line Managers in Q1 2021/2022 and to add this resource material to The City Council e-library is a priority. This will enable regular updates and ensure all future changes are communicated across the organisation when UK Drivers legislative and policy changes are adopted and incorporated by the Council.

Currently there is no process to review driving licences of Elected Members who travel on their Council business, although insurance details are checked for those Members that submit travel claims. It was proposed by the audit that driving licenses are checked for Members; however legal advice provided indicated such checks could not be enforced as Councillors are not employees of the Council and carry out their official business in their own capacity. Therefore, the Council needs to decide whether this information could be collected on a voluntary basis and update the handbook and procedure accordingly.

The Council should further explore electronic sign-in and communication messaging and prompts for all Driver Check reminders to enable a more streamlined and efficient approach and to have a robust process of checking carried out for Pool Car bookings.

Comment from the Deputy Chief Executive

Following the previous review, it is positive to note the progress made by the fleet team and other officers engaged. The issue related to Member checks will be progressed in conversation with the Portfolio Holder and Executive.

5.0 Audit Findings & Recommendations

5.1 Recommendation 1 & 2 – Guidance and Communication

- 5.1.1** Significant work has been undertaken to develop and prepare a Drivers Handbook that clarifies the responsibilities for managers, staff and elected members driving on Council business in a fleet or privately owned vehicle. The handbook reminds all officers of the importance of managing road risk. These duties have been appropriately communicated to staff and relevant Line Managers. The handbook was approved by SMT in September 2020 and printing of this handbook is due to be fully published and printed in Spring 2021 and will reinforce the line manager's responsibilities and duties to carry out driver checks.
- 5.1.2** The Drivers Handbook should also be added to the Council's e-library now that it has been approved by SMT. Maintaining an electronic version will enable regular updates either by legislative law or changes to Council Policies to be easily updated and communicated to staff.
- 5.1.3** Checks can be undertaken centrally by the garage; these are completed by the Fleet Team and maintained on a secure website alongside a spreadsheet listing officers confirmed as cleared to drive on Council business. Not all checks are carried out centrally and the responsibility is therefore with the respective Line Manager to undertake the minimum required on-line checks of the driver's licence, to check for appropriate insurance cover and MOT certificate where necessary. The checks also include a declaration by each Officer that they are fit to drive on Council business.
- 5.1.4** Audit testing indicated that the required checks were being carried out and the relevant and current documents and certificates were being obtained and held by line managers and were also held securely on 3rd party system by The Fleet team. They were either being held electronically or in paper copies in the office and had the same approach as those departments who had central checks carried out by the Fleet and Depot Manager.
- 5.1.5** Audit testing reviewed a combination of checks that would be carried out by relevant Line Managers for new starters [10 staff members] and mileage claims submitted by officers whilst driving on Council business [15 staff members]. Findings for the total sample of 25 can be summarised below:
- 8 of the 25 sample were checked by Fleet Management
 - 2 of the 25 sample were confirmed as never driving on Council Business and therefore required no checks
 - 1 of the 25 sample had since left the Council during the year

- 13 of the 25 sample had checks carried out by Line Managers, of which 3 have submitted records for inspection, the remaining paper copies are held in Civic Offices and will be followed up by Internal Audit when staff return to the office.
- 1 of the 25 sample did not carry out any checks due to not having knowledge of their duty as Line Manager [see below]

5.1.6 In one instance, it was identified that a line manager was not included in the e-mail circulation and therefore had no knowledge of his duties, subsequently after further investigation, it was identified that the relevant mailing list was not up to date.

Recommendation 1 – The approved Drivers Handbook should be printed and circulated to relevant Line Managers & Elected Members and added to the City Council E-library.

Recommendation 2 – A process should be established to ensure the management briefing mailing list are is to date so all relevant officers receive relevant information

5.2 Recommendation 3 – Document checks

- 5.2.1** The previous processes needed to be reviewed and assurances and controls put into place to ensure that driver checks are carried out for all relevant Officers.
- 5.2.2** The updated process developed for Drivers Checks has not been implemented as a centralised standardised process; however, with the improved communications the majority of Line Managers are now carrying out necessary checks.
- 5.2.3** Inconsistencies were identified in relation to carrying out Driver Checks for Elected Members. The Driver's handbook (signed by the Council Leader) states that "the standards set out in this handbook apply to all elected members, employees and non-employees driving council fleet or hire vehicles as well as driving their own vehicles on approved Council business" and the Neighbourhood Services Manager has been advised it is best practice to adopt a consistent approach for any individual driving on Council business.
- 5.2.4** Currently the Payroll department will check that Elected Members have adequate insurance prior to any mileage claims being paid, but no formal checking of Elected Member driving licences is currently undertaken.

5.2.5 The Corporate Director of Governance and Regulatory Services has provided legal advice that the Council is unable to enforce Members to provide this information, as they are not employed by the Council and carry out official business in their own capacity. It was also advised that the Council could potentially be held vicariously liable if the information is collected and an accident was to happen (this is inconsistent with the current approach, as insurance documentation is currently obtained by Payroll, whereas licenses are not reviewed).

Recommendation 3 – It should be determined whether appropriate and consistent checks are carried out for Members on a voluntary basis. The handbook and associated procedures should be updated to reflect any agreed changes to the procedure.

5.3 Recommendation 4 – Pool Cars

5.3.1 Arrangements for pool car bookings are available on the Council's intranet. The bookings are managed by the Service Support Team. As part of the original audit The Service Support Supervisor confirmed there are no checks undertaken on pool car drivers.

5.3.2 As part of the original 2019/2020 audit, recommendation 4 [see Appendix A] stated that a process should be in place to ensure all staff driving a pool car have an appropriate licence in place. The Fleet & Depot Manager has confirmed that this has not progressed as pool cars have not been utilised during the global pandemic. It is recognised that this action still therefore requires to be implemented.

Recommendation 4 – A process should be in place to ensure all staff driving a pool car have an appropriate licence in place.

Appendix A – Original Management Action Plan

Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementtion Date	Actioned
Recommendation 1 – All officers should be regularly reminded of their responsibility for carrying out necessary driver checks.	H	Officers driving on Council business without appropriate licence and/or insurance.	All managers given guidance and reminded of their responsibilities via email (November 2018 and December 2019).	Fleet and Depot Manager	Completed	Yes
			Payroll & Fleet to co-ordinate regular quarterly reminders to all officers. Payroll to review feasibility of loading relevant documents into iTrent and issuing automated reminders from the system	Fleet & Depot Manager / Payroll & iTrent Supervisor	30 April 2020	Yes No
			Skillgate module to be developed for managers and permitted drivers to further embed checking process and highlight improved guidance.	Fleet and Depot Manager	30June 2020	In Part

Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementtion Date	Actioned
Recommendation 2 – The Driver Handbook should be presented to and reviewed by Senior Management to determine if it should be implemented and to what extent it replaces the current road risk policy.	M	Insufficient guidance in place for officers.	Handbook for Drivers to be reviewed and approved by SMT.	Fleet and Depot Manager	30 April 2020	Yes

Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementtion Date	Actioned
Recommendation 3 – Current processes should be reviewed to ensure there are assurances that driver checks are carried out for all relevant officers.	H	Officers driving on Council business without appropriate licence and/or insurance.	Managers to ensure checks are carried within their remit in line with existing policy and repeated guidance.	All managers	30 April 2020	Yes (majority)
			Payroll to check 'permitted drivers list' before paying any mileage allowance for staff using their own vehicles.	Payroll & iTrent Supervisor		Yes
			Fleet office will continue to provide advice and remind all officers of their responsibilities in line with existing policy to check drivers.	Fleet and Depot Manager		Yes
			Fleet office to also provide monitoring role to ensure compliance prioritising risk-based approach (highest mileage first).	Fleet and Depot Manager		Yes

Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date	Actioned
Recommendation 4 – A process should be in place to ensure all staff driving a pool car have an appropriate licence in place	H	Officers driving on Council business without appropriate licence and/ or insurance	<p>Additional check to be introduced as part of pool car booking system (Fleet and SST to review option to share list of checked drivers to allow for a more efficient checking process)</p> <p>Fleet office will continue to provide advice and remind managers of their responsibilities in line with existing policy to check drivers.</p>		30 April 2020	<p>No progress due to global pandemic.</p> <p>Yes</p>

Appendix B – Management Action Plan

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 1 – The approved Drivers Handbook should be printed and circulated to relevant Line Managers & Elected Members and added to the City Council E-library.	M	Officers driving on Council business without appropriate licence and / or insurance	The Handbook for Drivers will be available electronically for officers / managers and elected members with access to the intranet. Printed copies will be available for drivers without intranet access and a copy will be placed in each fleet vehicle, including pool cars. This is being further enhanced through the development of a Skillgate module to monitor awareness and improve compliance.	Fleet and Depot Manager	15 May 2021
Recommendation 2 – A process should be established to ensure the management briefing mailing list are is to date so all relevant officers receive relevant information.	M	Officers do not receive notifications on changes to travel policy and reminders and duties for Driver Check obligations	Post interview check-lists to be updated to identify new managers. SST to perform annual check of distribution list. HR forms to be updated.	HR Advisor / Service Support Supervisor	30 May 2021

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 3 – It should be determined whether appropriate and consistent checks are carried out for Members on a voluntary basis. The handbook and associated procedures should be updated to reflect any agreed changes to the procedure.	M	Elected Members driving on Council business without appropriate licence and/ or insurance	Pursue option to request license information from Members as part of checks made by Payroll, or on a voluntary basis. Otherwise electronic handbook will be updated to remove references to Members and volunteers.	Neighbourhood Services Manager	30 August 2021
Recommendation 4 – A process should be in place to ensure all staff driving a pool car and hire car have an appropriate licence in place	H	Officers driving on Council business without appropriate licence and/or insurance	Access to the third-party licence checking bureau granted to SST so checks of pool vehicle users can be carried out. Drivers of hire vehicles have their licences checked routinely by Fleet. If drivers are not on the database, both parties will request confirmation from the driver's line manager that a licence check has been conducted satisfactorily	Fleet and Depot Manager in discussion with service support	01 May 2021

Appendix C - Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The control framework tested are suitable and complete are being consistently applied.</p> <p>Recommendations made relate to minor improvements or tightening of embedded control frameworks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure system objectives are generally achieved. Some issues have been raised that may result in a degree of unacceptable risk exposure.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently embedded.</p> <p>Any high graded recommendations would only relate to a limited aspect of the control framework.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses that have been identified. The level of non-compliance and / or weaknesses in the system of internal control puts achievement of system objectives at risk.	<p>There is an unsatisfactory level of internal control in place. Controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>High graded recommendations have been made that cover wide ranging aspects of the control environment.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-existence or non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist.</p>

Appendix D

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations used; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).