

Audit of Driver Checks

Draft Report Issued: 14th January 2020
2nd Draft Issued: 24th January 2020
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Audit Report Distribution

Client Lead:	Fleet and Depot Manager
Chief Officer:	Deputy Chief Executive Chief Executive
Others:	Neighbourhood Services Manager Safety, Health & Environmental Manager Service Support Supervisor HR Manager Payroll & iTrent Supervisor
Audit Committee:	The Audit Committee, which is due to be held on 16 th March 2020 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 the audit of driver checks. This was an internal audit review included in the 2019/20 risk-based audit plan agreed by the Audit Committee on 18th March 2019.
- 1.2. This review was originally incorporated as part of the 2018/19 review of garages; however, it was agreed that as a new process for monitoring was in the early stages of being introduced, this aspect of the review should be carried forward into 2019/20.
- 1.3. It should be noted that the Fleet and Depot Manager is listed as Client Lead for this review partly due to this previous attachment to the audit of the garages, as the post has a role in assisting managers in checking officers' suitability to drive when requested.
- 1.4. The Fleet and Depot Manager is not responsible for carrying out checks for officers driving their own vehicle on Council business, this rests with individual managers. As findings of the report suggest there is a need for individual roles for policies and checks to be more clearly understood across the Council.
- 1.2 Driver checks ensure all Officers and Members required to drive as part of their role will do so legally, contributing towards a safe and healthy workforce and fulfilling our responsibilities and duty of care to manage occupational road risk.

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.

Audit Scope and Limitations.

- 2.3 The Client Lead for this review was Fleet and Depot Manager and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following scope areas:
 - Officers and Members are driving on Council business without the legal requirements in place resulting in financial and/or reputational damage and legal proceedings against the Council.

- 2.4 It should be noted that this aspect of the review only relates to the Council's grey fleet drivers i.e. those that use their own vehicle or pool cars, rather than individuals assigned vehicles to drive on behalf of the Council (this was reviewed in the audit of Garages)
- 2.5 There were no instances whereby the audit work undertaken was impaired by the availability of information.

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 B** for definitions).
- 3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within Driver checks provide **Partial assurance**.
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 C**. Audit recommendations arising from this audit review are summarised below:

Control Objective	High	Medium
1. Management - achievement of the organisation's strategic objectives achieved (N/A)	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.1)	3	1
3. Information - reliability and integrity of financial and operational information (N/A)	-	-
4. Security - safeguarding of assets (N/A)	-	-
5. Value – effectiveness and efficiency of operations and programmes (N/A)	-	-
Total Number of Recommendations	3	1

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

4.3 Findings Summary (good practice / areas for improvement):

There is a policy in place which places responsibility for checking insurances and driving licenses with line managers, though the Council's travel policy places onus on individuals to obtain suitable insurance. Officers currently have the option to use the Fleet team to perform central checks or carry out checks independently.

However, not all line managers are aware of the policies or their responsibilities to carry out appropriate checks. Examples were identified where no checks have been performed and in one case an officer was found to be driving without appropriate business use insurance. Driving a vehicle without the correct insurance in place constitutes a motoring offence for the driver and potentially places the employer at risk in the event of an incident on the road, with the potential for corporate manslaughter in the event of a fatality.

Processes are in place for staff to book pool cars but there are no checks in place to ensure officers driving pool cars have a suitable driving licence.

While the risk of an accident is relatively low for the Council's grey fleet, due to the lower vehicle mileage incurred, the consequences for both the Council and the employee are potentially significant should they be involved in an accident while driving on behalf of the Council. There is therefore a need to ensure line managers are fully aware of their responsibilities (on a regular basis) and assurances obtained that appropriate checks are being carried out.

Comment from the Deputy Chief Executive

Given the challenges of meeting the requirements of GDPR it is clear that our driver checks processes cannot be managed by one process. I am grateful to the Audit team and the Fleet and Depot Manager for raising this important issue. SMT will monitor the application of these recommendations.

5.0 Audit Findings & Recommendations

5.1 Regulatory – compliance with laws, regulations, policies, procedures and contracts

- 5.1.1** There is a road risk policy in place, written in 2010 and last reviewed in Oct 2018. The policy put in place measures to meet the risks for those who drive vehicles as part of their work for Carlisle City Council.
- 5.1.2** The policy highlights responsibility for managers/supervisors to check employees driving licenses and vehicle insurance (where necessary) prior to driving on City Council business and that further annual checks should be completed. The Council's Subsistence & Travelling Expenses Policy places emphasis on the individual to obtain the necessary insurance
- 5.1.3** Audit testing indicated limited awareness of the requirements of this policy. Officers interviewed were not always aware of the need to carry out checks or who was responsible for carrying them out and what the GDPR requirements are for retaining the relevant information. One instance was identified of an officer driving on Council business without any business insurance.
- 5.1.4** Upon commencing the role in summer 2018 the Fleet and Depot Manager (a new post at the time) reminded all managers of their responsibilities in this regard and offered advice and assistance if needed from the Fleet Office.
- 5.1.5** A meeting was arranged between the Fleet and Depot Manager and other officers, including Internal Audit to highlight the relevant risks and come up with a checking system to ensure all the relevant checks were performed. However, at least one manager stated their team would do their own checks to preserve data-protection within the team, resulting in the Council taking a mixed approach to the checking process.
- 5.1.6** The Fleet and Depot Manager is not advocating all driver checks to be conducted centrally; however, the Fleet office can provide support and advice, for example for those with drivers with a history of motoring offences / penalty points including assessing driver competency.
- 5.1.7** In January 2020 the Fleet and Depot Manager issued a further reminder to all managers that they were responsible for these checks and to return mandates to the garage every three years.

Recommendation 1 – All officers should be regularly reminded of their responsibility for carrying out necessary driver checks.

5.1.8 The Fleet and Depot Manager and the Neighbourhood Services Manager are also in the process of writing a Drive Safely Handbook which contains additional guidance around licence and insurance checks. Additionally, the handbook provides further advice and sets standards in terms of driver behaviour. If the Council is to adopt this policy it may replace some or all of the current road risk policy – there is a need to ensure relevant areas from either policy are not omitted.

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.

5.1.9 As stated above the Fleet and Depot Manager advised that checks can be undertaken centrally by the garage, but not all teams adopt this process. Checks completed by Fleet are maintained on a secure website, alongside a spreadsheet listing officers confirmed as clear to drive on Council business.

5.1.10 Twelve line managers of officers that have claimed mileage, which were not included in the list of central checks, were asked to demonstrate what checks they have in place. Only one third of the audit sample provided evidence they carry out suitable checks.

5.1.11 Six managers did not respond. Four respondents provided evidence they performed checks. One manager was new in post and in the process of putting a process in place. One manager thought they had requested checks from Fleet, though this was found not to be the case.

5.1.12 In a separate discussion another line manager stated a member of their team didn't have business insurance but occasionally drove their car between meetings. This would be classified as business use; if this officer was involved in an accident their insurance could be invalid; this is a motoring offence with the risk of fines, penalty points and imprisonment for more serious outcomes. The individual did not claim mileage for their journey, so payroll would not be able to identify they did not have valid insurance (which is why responsibility ultimately needs to remain with line managers).

5.1.13 Given the severity of risk, should the policy not be implemented robustly, it is best practice for there to be a central check to provide assurance that managers are meeting their responsibilities.

Recommendation 3 – Current processes should be reviewed to ensure there are assurances that driver checks are carried out for all relevant officers.

5.1.14 Arrangements for pool car booking are available on the Council's intranet. The bookings are managed by Support Services Team. The Service Support Supervisor confirmed there are no checks undertaken on pool car drivers.

5.1.15 A sample of six bookings was selected. Half the sample were found to have had relevant checks, either centrally by Fleet or directly by their Line Manager. One manager stated they do not carry out any checks for officers and was not aware they were necessary and another manager did not respond to audit queries.

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

Appendix A – Management Action Plan

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
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
			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
			Skillgate module to be developed for managers and permitted drivers to further embed checking process and highlight improved guidance.	Fleet and Depot Manager	30 June 2020

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
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	31 March 2020
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
			Payroll to check 'permitted drivers list' before paying any mileage allowance for staff using their own vehicles. Fleet office will continue to provide advice and remind all officers of their responsibilities in line with existing policy to check drivers. Fleet office to also provide monitoring role to ensure compliance prioritising risk-based approach (highest mileage first).	Payroll & iTrent Supervisor	30 June 2020

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
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>	Service Support Supervisor	30 April 2020

Appendix B - 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 C

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; 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).