

ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	12 May 2021
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2105 – Vehicle Usage
<b>REPORT NUMBER</b>	IA/AC2105
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.2

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**1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to present the planned Internal Audit report on Cross-Service Vehicle Usage.

**2. RECOMMENDATION**

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

**3. BACKGROUND / MAIN ISSUES**

- 3.1 Internal Audit has completed the attached report which relates to an audit of vehicle usage.

**4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report.

**5. LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications arising from the recommendations of this report.

**6. MANAGEMENT OF RISK**

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

## 7. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.
- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Impact Assessment</b>	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
<b>Privacy Impact Assessment</b>	Not required

## 9. APPENDICES

- 9.1 Internal Audit report AC2105 – Vehicle Usage.

## 10. REPORT AUTHOR DETAILS

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## **Internal Audit Report**

### **Cross Service**

### **Vehicle Usage**

**Issued to:**

Rob Polkinghorne, Chief Operating Officer  
Steven Whyte, Director of Resources  
Mark Reilly, Chief Officer – Operations and Protective Services  
Fraser Bell, Chief Officer – Governance  
Jonathan Belford, Chief Officer – Finance  
John Weir, Fleet Services Manager  
External Audit

## EXECUTIVE SUMMARY

Aberdeen City Council currently has a fleet of 483 vehicles which are provided to Services through Fleet to enable them to fulfil operational requirements.

The objective of this audit was to provide assurance that adequate procedures are in place to effectively manage the Council's vehicle fleet. This included a review of instances where employees take vehicles home, including justification and authorisation.

In general adequate procedures are in place. There is clear guidance for Drivers, and Fleet has procedures for monitoring completion of first use checks, recording of tachograph infringements, Driver debriefs, and completion of professional training in relation to Drivers maintaining their Certificate of Professional Competence. The continuing rollout of a telematics system will enhance the ability of Services to monitor vehicle usage and efficiency. And where vehicles are used outwith normal hours Fleet currently sample check that business cases have been completed by Services.

Council procedures require Managers within Services to check that employees who are required to drive for work purposes have their driving licences checked annually, and declare any infringements or medical conditions which may affect their ability to drive. Whilst there is a facility to record these checks, this is not checked at a corporate level to ensure checks have all been completed timeously. A corporate overview of licence checks to ensure that each Service is adhering to requirements in this respect could provide additional assurance over this area. The Chief Operating Officer has agreed to review this option.

Drivers are required to complete first use vehicle check forms prior to vehicles being used every day to provide reasonable assurance that vehicles are in roadworthy condition. Fleet Compliance thereafter carry out random checks on vehicles to ensure that these have been completed. Whilst most had been recorded, not all had been completed fully. Services will be reminded of their responsibilities in this respect.

Rollout of the telematics system can add value through identifying areas in which efficiencies might be targeted, and recommendations have been made for Fleet to ensure Services have sufficient data and guidance to support a consistent and proportionate approach to improving vehicle usage where this would yield benefits.

Fleet Compliance receive reports in respect of tachograph infringements which are passed to Services to discuss the issues with the relevant drivers. Statistics show that the number of both single and repeat infringements is currently below both sector and national averages but that currently time taken for review of infringements with Drivers is above average. The Service has noted that it has not been possible to complete all Driver debriefs timeously due to Covid 19 restrictions. However, a reminder will be issued to Services to complete debriefs as soon as it practical.

Where vehicles are to be used outwith normal business hours, Services are required to state the reasons for this in a business case. Although these are being completed where required, the content varies between cases. Fleet has agreed to produce a standard template for Services to use to ensure each case can be adequately justified.

# **1. INTRODUCTION**

- 1.1 Aberdeen City Council currently has a fleet of 483 vehicles which are provided to Services through Fleet to enable them to fulfil operational requirements.
- 1.2 The objective of this audit was to provide assurance that adequate procedures are in place to effectively manage the Council's vehicle fleet. This included a review of instances where employees take vehicles home, including justification and authorisation.
- 1.3 The audit also reviewed procedures, and vehicle and driver records, to ensure that appropriate arrangements are in place to safeguard the Council's goods vehicle operator's licence. This included procedures relating to driver self-declarations and management controls relating to fitness to drive.
- 1.4 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Rob Polkinghorne - Director of Operations, Mark Reilly - Chief Officer - Operations and Protective Services, and John Weir - Fleet Services Manager.

## **2. FINDINGS AND RECOMMENDATIONS**

### **2.1 Procedures, Vehicle Checks & Usage**

- 2.1.1 The Council provides a guidance handbook to drivers for light and heavy goods vehicles and a separate guidance handbook to drivers of minibuses. These handbooks explain what records are to be kept of vehicle usage, including first use checks, and motor vehicle accident forms. They also explain the use of tachographs to monitor Drivers' driving hours.
- 2.1.2 Additional guidance provided in the 'Driving at Work Guidance – Council Vehicles' makes clear the requirement that Drivers of Council vehicles ensure that these vehicles are only used for approved business purposes and that no personal usage other than pre-approved commuting is undertaken. The document makes clear the employee's responsibilities including declaring to the employer any disability or licence infringement which may affect their ability to continue to drive, the requirement to ensure that no personal use of a vehicle is undertaken, that unauthorised passengers do not travel in vehicles, that first use checks are undertaken, not to use a mobile phone whilst driving or to drive under the influence of alcohol or drugs, and to comply with regulations in relation to driving hours.
- 2.1.3 The Guidance also stresses the responsibilities for Managers within Services in terms of ensuring that employees are aware of their responsibilities under the Guidance. This includes ensuring risk assessments are undertaken for driving activities which may present significant risk, ensuring that where employees are given permission to take vehicles home that this is documented, to ensure all journeys undertaken as a result of Service requirements are covered by the terms of the insurance policy, perform spot checks to ensure that first use checks are being performed, ensure that employees do not drive vehicles which they have not been allocated to drive, that fines for speeding etc are paid by the employee and to ensure that Drivers have access to required training.
- 2.1.4 It further emphasises the requirement for Managers to ensure that licence checks are undertaken for employees who drive Council vehicles. Online guidance additionally states that it is the employee's responsibility to present licence information on an annual basis for checking by Management. This should be done on the YourHR system or where an employee does not have access to this system Business Support Services within each Directorate should be provided with a DVLA code to obtain and upload a summary.
- 2.1.5 At the start of each day, or when a vehicle is used by another driver, First Use Vehicle Checks should be undertaken prior to driving any vehicle to ensure that it is in a road worthy condition. These checks include, but are not limited to: ensuring all lights and horns are working, that tyres are within the legal limit and that all fluids are at the correct levels. The results of these checks should then be recorded in the logbooks which are held within each vehicle. 114 checks across 11 vehicles were checked to ensure that the checklists had been fully completed and thereafter signed and dated by the Driver.
- 2.1.6 Most checklists had been completed fully, however there were missing entries including: Waste Service – one form with mileage not having been completed. Roads Service – one form not signed and another incomplete. Vehicle used by the Art Gallery – one form not signed, another not dated and a third incomplete. Education Service minibus – one form with missing entries, another form with time and mileage not recorded, and various forms over the course of two weeks noted the same fault on one day but then not the next.
- 2.1.7 The Fleet Compliance Team carry out weekly gate checks on random vehicles leaving and entering depots to ensure that First Use Vehicle Checklists have been completed and to check on the general condition of vehicles. The results of these checks are then emailed to the relevant Services to advise of any issues where they are discovered. Due to the pandemic these checks were suspended for the majority of the year and have only

recently recommenced, meaning there was limited information for Internal Audit to analyse. It was noted however in the small sample that issues with vehicles had been brought to the attention of the Service and following this the Service discussed the issue with the relevant Driver, suggesting the procedure is operating as intended.

- 2.1.8 It is the responsibility of the Driver to ensure that they evidence that vehicles are road worthy at the time of commencement of duties. If this is not completed, there are risks, including additional cost of maintenance or repair, and risks to the Council's operating licence should defects be identified during operation. Insurance may also be affected should there be an incident and it cannot be evidenced that appropriate checks were undertaken prior to usage. Whilst, as noted above, weekly gate checks are carried out on vehicles leaving and entering depots this generally covers Waste, Building and Roads Services. It is impractical to carry out checks on other Services to the same extent, therefore a recommendation is made below to remind all Services to ensure Drivers' checks are performed.

<b><u>Recommendation</u></b>		
Fleet should ensure Drivers are reminded to fully complete First Use Vehicle Check sheets prior to driving.		
<b><u>Service Response / Action</u></b>		
Agreed. Reminder emails have been issued to Services.		
<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
Implemented	Fleet Services Manager	Important within audited area

- 2.1.9 Continuing pressure on Council budgets means there is a duty for all Services to identify and deliver savings where possible. Driving in a more efficient manner has the potential for cost savings to be realised by lessening wear and tear on component parts meaning fewer replacement parts, saving fuel by avoiding harsh acceleration and speeding, and switching an engine off where a vehicle is stationary to avoid excessive idling. Driving in a more efficient and more responsible manner can also reduce the risk of accidents.
- 2.1.10 Following trials of a telematics system, which is able to record this information, it was agreed that all Council vehicles would be fitted with telematics to enable reports to be generated with a view to making cost savings and monitoring driving performance. A recommendation was made in the previous Internal Audit (AC1817) to ensure that all Services have access to reports and data subsequently generated and for training to be provided in respect of analysis of this data. The Fleet Manager confirmed that installation is still in progress, and it is anticipated that all vehicles will be equipped with telematics by the end of April 2021. Services are provided with training on the information currently generated, with it being planned to provide refresher training in due course.
- 2.1.11 Presently reports are available showing miles travelled and hours driven, harsh braking, cornering and acceleration, speeding and idling times including litres of fuel used while idling. Fleet confirmed that they have an overview of all available data. It may therefore be prudent to periodically highlight to Services areas in which potential savings may be realised based on this data.
- 2.1.12 Additional reports could be generated to assist with ensuring that vehicles are not used where there is no business requirement. Cost savings may be targeted by monitoring such information, and compliance with operational and insurance requirements reviewed. The Service confirmed that they are considering these options and discussions are ongoing in this respect.

**Recommendation**

Fleet should periodically produce and distribute relevant data on potential realisable savings, and compliance.

**Service Response / Action**

Agreed.

**Implementation Date**

April 2022

**Responsible Officer**

Fleet Services Manager

**Grading**

Significant within audited area

- 2.1.13 Drivers must be aware of their responsibilities to comply with operational and insurance requirements, and to utilise the vehicles they are provided with safely, effectively and efficiently. Whilst this is largely covered by existing guidance, further guidance for Services would be useful to ensure both a consistent approach in discussing issues with Drivers and to help inform Drivers as to the reasons for compliance with the requirement for efficient driving based on available data.

**Recommendation**

Fleet should ensure Services have clear guidance to support a consistent and proportionate approach to improving vehicle usage.

**Service Response / Action**

Agreed. Further guidance will be produced and distributed to Services.

**Implementation Date**

September 2021

**Responsible Officer**

Fleet Services Manager

**Grading**

Significant within audited area

- 2.1.14 To demonstrate compliance with regulations on Drivers' hours, Drivers of large goods vehicles and passenger carrying vehicles (buses) must use a tachograph to record all hours spent driving. This information is currently recorded on the 'Vision' system and the Fleet Compliance Team send weekly reports to appropriate Service Managers which advise of any driving infringements. Service Managers then discuss with the Driver and record this discussion via a Driver debrief, including any required actions where appropriate.
- 2.1.15 The Service retains statistics in relation to infringements for comparison to both National and Sector averages. Review of these statistics for the previous 12 months showed infringements for core drivers to be below both sector and national averages both for single infringements and repeat infringements.
- 2.1.16 It is important for infringements to be brought to a Driver's attention promptly to address the issue, ensure the Driver is aware of their responsibilities, and to prevent recurrence. Delays between infringements occurring and the subsequent debrief were noted on 3 occasions with it taking 3, 5 and 9 months respectively between the infringement occurring and subsequent discussion. Overall statistics in respect of time taken to perform debriefs for the same time period as discussed at 2.1.15 showed mixed results, in that while there were periods where the Service was below both Sector and National averages they are presently higher than both.

**Recommendation**

Fleet should remind Services to ensure that driver debriefs following tachograph anomalies are completed in a timely manner.



**Service Response / Action**

Agreed. It has not been possible to complete all Driver debriefs timeously due to Covid 19 restrictions. However, a reminder has been issued to Services to complete Driver debriefs as soon as it practical.

**Implementation Date**

Implemented

**Responsible Officer**

Fleet Services Manager

**Grading**

Significant within audited area

**2.2 Driver Training & Licence Checks**

- 2.2.1 As noted at 2.1.4 above there is a requirement for Drivers and Management to ensure that licence details are reviewed annually to ensure that information remains current and for employees to declare immediately any endorsement received or where a medical condition affects their ability to drive. Reliance is placed on Services to comply with Corporate guidance in this respect. Due to the pandemic many employees have not been visiting sites and may not have driven a vehicle for work purposes for some time. There is a risk therefore that annual licence reviews may not have been performed, but employees may still be asked to continue driving vehicles for work purposes. A Corporate overview of licence reviews could provide additional assurance in this respect.

**Recommendation**

The Council should consider whether a Corporate overview of licence reviews would provide additional assurance in this area.

**Service Response / Action**

Agreed.

**Implementation Date**

June 2021

**Responsible Officer**

Chief Operating Officer

**Grading**

Significant within audited area

- 2.2.2 For Drivers of vehicles over 3.5 tonnes or passenger carrying vehicles carrying 9 or more persons it is a legal requirement that 35 hours of training over 5 years is undertaken in order to retain their Certificate of Professional Competence. Records of progress with training are maintained in the 'Vision' system. Services can monitor and edit Driver records within their own Service while Fleet have access to view all records. At the time reviewed, all Drivers were current with their training.
- 2.2.3 Drivers of vehicles over 3.5 tonnes additionally have their licences checked every 2 months by an external provider to check for any endorsements, suspensions or medical conditions which may impact on their ability to continue to drive. Risk levels are also assigned to Drivers based on such factors as age and known medical conditions which may necessitate more frequent checks. Results are emailed to Service Managers with Fleet receiving notification that an email has been sent. Every month Fleet receives a detailed breakdown of checks performed.

**2.3 Insurance**

- 2.3.1 At the time reviewed the insurance policy was valid to 31 March 2021 and provided cover for all employees driving all types of vehicle, who have been granted permission to drive them by the Council.
- 2.3.2 Personal use is not covered by the terms of the insurance policy, but commuting is covered where there is a defined business need, such as: going direct to sites, call outs, standby duties or requirements to use a vehicle outwith normal working hours. Passengers can

only be taken where there is a business need, for example service users. Failure to comply with insurance requirements may invalidate insurance cover and presents reputational and financial risks.

- 2.3.3 The Insurance Officer highlighted that as a result of investment in and proposed introduction of telematics there was a reduction in the cost of the insurance policy for 2020/21. This is because historically fleets which have telematic systems installed tend to be involved in fewer incidents and where incidents do occur Councils are better able to evidence how a vehicle was being driven. As noted above at 2.1.9 – 2.1.13 the roll out of telematics installations, and development of reporting functionality is still in progress. Implementation of the recommendations would demonstrate the Council's commitment to improving performance in this respect.

## **2.4 Use of Vehicles Outwith Normal Working Hours**

- 2.4.1 Where an employee uses a vehicle outwith normal working hours this should be recorded by Services and approved by an appropriate Officer, typically a Line Manager who is best placed to determine whether such usage is appropriate. Justifications for taking vehicles home may include employees on standby, on call, site visits on the way to and from home and vehicles required for duties outwith normal working hours. These reasons are covered within Aberdeen City Council's insurance policy as the insurance is for "Use in connection with the policyholder's business' and 'Any person who is driving on the order or with the permission of the policyholder'.
- 2.4.2 Of the Council's 483 vehicles, almost half are being taken home by an employee on a regular basis. The largest proportion (190) of these are vehicles utilised by Building Services.
- 2.4.3 The business need for vehicles to be taken home every evening is recorded as noted above, however the content of the business cases is generally limited. Some of the most frequently recorded reasons were: that the employee attended sites on their way to and from home; or that they required to be on-site by 8 a.m.
- 2.4.4 Default allocation of a vehicle to a role, and assigning a business need for it to be taken home based on a limited business case means that other factors may not be taken into account. Business cases do not consider individual circumstances, for example, some may pass a depot on their way to work. Others may not require to travel to sites on a daily basis. There was no analysis of the distance the employee would be required to travel to base to pick up a vehicle before commencing duties. If for instance an employee travels from an outlying area into the City this may involve a considerable commute, which involves extra wear and tear on a vehicle, additional fuel costs, increases the time a vehicle is in use, and lessens the lifespan of the vehicle leading to the requirement for more frequent replacement.
- 2.4.5 It would therefore be prudent were Services required to provide a more thorough and consistent analysis of the requirement for vehicles to be taken home, taking into account time saved against additional milage travelled. Commuting time should not be taken into account, as this is a personal rather than a business reason for requiring a vehicle.
- 2.4.6 Fleet performs periodic audits of business cases for the use of vehicles outwith normal working hours. These audits are to determine whether or not reasons have been recorded for such usage, whether or not authorisation has been given, and how often reviews are undertaken in relation to the continuing requirement. However, the reasons recorded for such use are not examined. A standardised format for recording such usage requiring additional information as noted above would give greater assurance over this area.

**Recommendation**

Fleet should review the content and format of business cases for the usage of vehicles outwith normal working hours and remind Services of the importance of adequately justifying each case.

**Service Response / Action**

Agreed. A standardised template will be drafted and issued to Services for use with a reminder that each case should be adequately justified.

**Implementation Date**

October 2021

**Responsible Officer**

Fleet Services Manager

**Grading**

Significant within audited area

**AUDITORS:** C Harvey  
D Henderson  
C Johnston

## Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
<b>Major at a Corporate Level</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
<b>Major at a Service Level</b>	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
<b>Significant within audited area</b>	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
<b>Important within audited area</b>	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.