

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	12 February 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2401 – Vehicle and Driver Compliance
REPORT NUMBER	IA/AC2401
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on the Vehicle and Driver Compliance.

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. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of Vehicle and Driver Compliance.

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. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

8. OUTCOMES

8.1 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.

8.2 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.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	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.
Privacy Impact Assessment	Not required

10. BACKGROUND PAPERS

10.1 There are no relevant background papers related directly to this report.

11. APPENDICES

11.1 Internal Audit report AC2401 – Vehicle and Driver Compliance

12. REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Assurance Review of Vehicle and Driver Compliance

Status: Final

Date: 29 November 2023

Risk Level: Function

Report No: AC2401

Assurance Year: 2023/24

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

Report Tracking	Planned Date	Actual Date
Scope issued	21-06-2023	23-06-2023
Scope agreed	28-06-2023	05-07-2023
Fieldwork commenced	03-07-2023	05-07-2023
Fieldwork completed	14-07-2023	02-10-2023
Draft report issued	04-08-2023	10-10-2023
Process owner response	25-08-2023	01-11-2023
Director response	01-09-2023	29-11-2023
Final report issued	08-09-2023	29-11-2023
Audit Committee	01-02-2024	

Distribution	
Document type	Assurance Report
Director	Steven Whyte, Director, Resources
Process Owner	John Weir, Fleet Manager
Stakeholder	Mark Reilly, Chief Officer, Resources.
	Derek Jamieson, Fleet Integration Manager
	Vikki Cuthbert, Interim Chief Officer - Governance*
	Jonathan Belford, Chief Officer - Finance*
Final only	External Audit
Lead auditor	Debbie Steele, Auditor

1 Introduction

1.1 Area subject to review

Aberdeen City Council's Fleet provide vehicles and plant to all services within the Council including but not limited to: Waste and Recycling services; Environmental services; Building services; PTU and Roads. Fleet assets range from snowploughs through to smaller fuel powered items such as grass maintenance equipment.

Under the Goods Vehicles (Licensing of Operators) Act 1995, the Council requires to hold a "Vehicle Operators Licensing System" to operate goods vehicles (or a combination of vehicles and trailers) over the defined weight of 3.5 tonnes to ensure the vehicles are roadworthy, used properly and responsibly. Retaining the licence is conditional on appropriate fleet management practices and adherence to specified rules.

Fleet have permission for up to 111 vehicles under the "Vehicle Operators Licensing System" (Operators Licence). Currently there are 94 vehicles and 3 trailers on the Operators licence (31/05/2023). There are a total of 523 vehicles (31/05/2023) which includes those declared on the Operators licence (O-Licence vehicles). This figure excludes hired vehicles comprising long and short-term hire. Fleet have a responsibility to maintain vehicles in a safe and roadworthy condition whilst being compliant with legislation. Individual services and drivers have a responsibility to comply with corporate policy and driving regulations in respect of their use of vehicles provided by Fleet.

The Secretary of State for Transport appoints Traffic Commissioners, who act independently of government, as regulators to the Road Transport Industry. They ensure that those granted an Operators licence are operating in a safe, reliable manner and fully comply with the Goods Vehicle Act 1995. The Traffic Commissioner may revoke; suspend; curtail or refuse to extend the Operators licence if the licence requirements are not met by the holder of the Operator licence. Such an occurrence would impact on all the services that Fleet supply vehicles to and ultimately restrict the ability of the Council to deliver its functions.

The Driver and Vehicle Standards Agency (DVSA) is the Government's enforcement agency responsible for ensuring Fleet Services are complying with the legislation in the areas concerned with vehicle roadworthiness; driver hours; facility inspections; safe vehicle loads and Operator licensing.

To ensure best practice and that vehicles are safe and in a roadworthy condition there is a requirement to have an effective management system in place which has a robust maintenance schedule and appropriate lines of supervision.

The DVSA set out that:

"To ensure best practice, you will need to combine good quality maintenance practices and skills with supervision and effective management"¹.

At any point in time a DVSA officer may visit a premises and inspect the facility to determine that the premises are suitable as an operating centre and that the Operator Licence holder is complying with the Operator Licence requirements. DVSA calculate the risks of an Operator by using the "Operator Compliance Risk Score" system.

The DVSA officer may access any large goods vehicle to inspect it and the goods it carries. Under the terms of the license the operator requires to specify the number of vehicles it holds and the maximum weights that each vehicle carries. DVSA or the Police may carry out random roadside checks to ensure

¹ DVSA Guide to maintaining road worthiness. Commercial goods and public services vehicles. Crown copyright 2023.

compliance with vehicle weight restrictions specified in the Operator licence both on motor vehicles and trailers.

Fleet are responsible for ensuring the vehicles are in a “fit and serviceable” condition. Various vehicle inspections/checks require to be carried out by both Fleet and the vehicle operator to ensure the vehicles are safe and roadworthy for public highways:

1. Safety inspections.
2. First use inspections
3. Intermediate safety checks
4. Daily walkaround checks.

It is the legal responsibility of the vehicle driver to ensure that the vehicle is safe to use on public highways. Drivers are trained to identify defects or issues prior to using a vehicle to reduce the risk to themselves; the public and the vehicle asset. In addition, drivers responsible for vehicles itemised under the Operator’s licence have their drivers’ licences checked regularly for infringement or licence issues.

Drivers of heavy goods vehicles, buses or coaches are required to hold a Certificate of Professional Competence (CPC), except where they are exempt as advised by DVSA guidelines. There is a periodic training requirement to complete 35 hours of training every 5 years. Penalties can be imposed if these measures are not met.

1.2 Rationale for the review

The objective of this audit is to obtain assurance that adequate procedures are in place to effectively manage the Council’s vehicle and driver records, to comply with licence and insurance requirements.

Following actions implemented by the Council to address points raised by the Traffic Commissioner in 2014, Internal Audit carried out a review in 2017 to determine whether these were working as intended. On completion the 2017 internal audit identified issues regarding timely reporting by services of accidents and incidents; completion of repairs by external contractors; vehicle maintenance records; staff recruitment; tyre replacements and condition of tyres when performing vehicle first daily checks; tachograph infringements; review of the reported statistics for the statutory performance indicators on driver license issues and the centralisation of Certificate of Professional Competence (CPC) training records.

It was determined that Fleet could not make the changes in isolation and were reliant upon services and their drivers to operate their vehicles in adherence with corporate policy. New procedures had been implemented and following the recruitment of a Fleet Compliance Officer the frequency of compliance audits would be increased with an escalation process implemented to identify and address any further issues promptly. There were plans for a further two Fleet Compliance Assistants, Workshop Manager and Workshop Supervisor to be recruited in the future.

There need to be appropriate and proportionate controls, and checks over compliance, to address potential risks to the continued and effective operation of services which rely on vehicles for their delivery or support.

1.3 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

2 Executive Summary

2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.

2.2 Assurance assessment

The level of net risk is assessed as **MODERATE**, with the control framework deemed to provide **REASONABLE** assurance over the Council's approach to Vehicle and Driver Compliance.

Driver and Vehicle Standards Agency (DVSA) categorises Fleets by Operator Compliance Risk Score. This grading calculates the operator risk of not following the rules on roadworthiness. ACC Fleet have been graded the highest score band achievable: green (low risk) with points given for defects or infringements. The more serious these are the more points awarded. ACC score was 1.96 in 2022 and 1.705 in 2023, demonstrating the Fleet is a lower risk in 2023 compared to 2022. This is well within the threshold of 10 for green. Vehicle maintenance systems compliance is also reviewed periodically on a sample basis by a third party assessor, and also subject to unannounced DVSA compliance checks.

There are regular checks on compliance including gate checks, depot audits, tachograph analysis, and investigations into non-compliance. However, there are limited resources to complete these checks, which have been exacerbated by vacancies, and there is limited data to demonstrate these are being scheduled and targeted efficiently to maximise assurance. Ongoing implementation of the Fleet Management System provides opportunities for improvement and there may be scope for further process automation and more efficient practice.

Fleet, whilst responsible for overall management of council vehicles and maintaining the Operators licence, has limited power to hold individual drivers or services to account. Although there is guidance to encourage good practice and compliance, there is no corporate policy covering employees driving Council-provided vehicles and the implications of non-compliance. Non-adherence to guidance is flagged to line managers within drivers' employing Services, who must balance this with other operational demands. Guidance would also benefit from more regular updates, clarifications, and regular refresher training. Non-compliance could present a corporate risk: 23% of incidents and notifiable defects investigated by the Fleet Compliance Team in 2022/23 and 2023/24 to date were not reported to Fleet at the point they should have been identified as part of drivers' daily first use vehicle checks. Delays in reporting defects can present risks to vehicles, drivers, and road users' safety, as well as increased maintenance costs and down-time in the event of subsequent vehicle / parts failure.

Fleet has a system for maintaining records of vehicles and their maintenance, providing a comprehensive record to demonstrate compliance with Operators Licence and safety requirements. However, due to continuing development and implementation of the system, elements of some

processes (e.g. scheduling of maintenance) requires manual intervention., The system flags any missed events, however there is limited management information currently reported on performance against set maintenance and inspection timescales. Performance of Services operating vehicles and acting on identified compliance risks is also not regularly reported to provide assurance over their activities.

Key contracts including tyres and HGV parts and servicing, are not recorded as being up to date on the Councils contracts register system. The Council continues to obtain these services, but not having formal recorded contracts presents a risk to continuity of supply. It is also a breach of the Council's Financial Regulations, procurement regulations, and national procurement rules, which require competitive tendering at the levels of expenditure incurred.

2.3 Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Council. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
1.3	<p>Operator Licence Compliance and Contracts – Fleet utilises the services of a tyre management company, which provides a 24-hour year-round service for tyre repairs and replacements. However, the contract for these services was entered into in October 2019 for two years (£234k), formally extended for six months, and expired in April 2022. The Scotland Excel framework from which the contract was derived, expired in 2021. No replacement contract has been registered on the Council's contracts register system, yet expenditure continues to be incurred (£240k since contract expiry). Similarly, there are no current contracts registered for HGV vehicle parts and services obtained from a specific supplier (£258k 2022/23, £67k 2023/24 year to date). Whilst the Council continues to utilise the services, not having formal recorded contracts presents a risk to continuity of supply. It is also a breach of the Council's Financial Regulations, procurement regulations, and national procurement rules, which require competitive tendering at these levels of expenditure.</p>	Y	Major	11
1.5	<p>Vehicle Records (Defects) – First Use Vehicle Checks must be completed every day or whenever another driver takes control of a vehicle, and are recorded in a Driver's / Operator's Check List and Vehicle Defect Report book held with every vehicle. When a book is completed it is returned to the Fleet depot for retention and a replacement issued.</p> <p>The Fleet Compliance Team regularly identifies and investigates instances of</p>	Y	Major	12

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	<p>defects that have been picked up as part of routine Fleet workshop inspection and maintenance activity, rather than by services at the point in time they were, or should have been, first identified by drivers as part of their daily first use vehicle checks. In 2022/23, 23% of 154 incidents investigated by the Fleet Compliance Team had not been reported to Fleet in advance. For April to August 2023, 22% of 58 incidents were unreported. 19% of these related to tyres, brakes or steering faults.</p> <p>Defect books are not otherwise regularly reviewed. From a sample of 197 entries from books for 12 vehicles operated by various Services: 100 (51%) had omissions in mandatory sections. 42 (21%) had not confirmed the driver was fit to drive. 15 (8%) reported defects. Whilst in most cases faults were not repeated, indicating action had been taken, this action was not generally logged in the books themselves. In two cases faults were re-stated or re-occurred at a later date.</p> <p>Delays in reporting defects can present risks to vehicles, drivers, and road users' safety, as well as increased maintenance costs and down-time in the event of subsequent vehicle / parts failure.</p>			

2.4 Management response

Operations welcomes this report and its acknowledgement that there is generally a sound system of governance and control over vehicle and driver compliance. The recently implemented Fleet Management System, and ongoing Fleet Transformation Programme provide opportunities, subject to available resource, to explore opportunities for efficiencies and automation as recommended in the audit report.

As highlighted in the report, Fleet is reliant on drivers and individual operating services to adhere to the processes and guidance set out, to ensure routine vehicle checks are completed, and potential defects recorded and passed to Fleet for review and appropriate action. The Fleet Compliance team carries out regular reviews and investigations to maintain assurance this is taking place. Recent vacancies within the Fleet Compliance team have impacted on the level and scope of work which can be completed, pending conclusion of ongoing recruitment. It is vital that suitable capacity and capability remains available within the service to address compliance risks. Options for further encouraging good practice and compliance at the driver level will be explored with People & Organisational Development, and at cluster level through review of performance information.

Agreements are in place to ensure continuity of supply of key goods and services used in fleet operations, however it is acknowledged that procurement records need to be updated – this will be progressed in conjunction with the Commercial and Procurement Shared Service.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Moderate
1.1	<p>Procedures and Corporate Responsibilities – Although there is a Staff Travel Policy, this is focused on use of private vehicles ('grey fleet') for Council business, rather than use of Fleet vehicles. There is a policy on Use of Locating Systems in Vehicles and Devices, but there is no "Driving at Work Policy" covering the standards and expectations required for users of Fleet vehicles.</p> <p>There is "Driving at Work Guidance - Council Vehicles" available from Fleet, and "Guidance Handbooks" for drivers of Light and Heavy Goods Vehicles, and Minibuses. These are focused on compliance with licence and insurance requirements. However, as 'guidance' documents it may be more difficult to hold employees to account in their application. i.e., failure to adhere to guidance may be considered less serious than non-compliance with corporate policy. Reference is made in these documents to a "Driving at Work Policy" that is not currently in place.</p> <p>Fleet, whilst responsible for overall management of council vehicles and maintaining the Operators licence, has limited power to hold individual drivers and services to account. Non-adherence to guidance is flagged to line managers within the employing Services, who must balance this with other operational demands. However, non-compliance could present a corporate risk.</p> <p>The Handbooks are issued in paper copy, and have no date or version control information, making them uncontrolled once printed. Drivers relying on these could have out of date information. Although there are details of some regulations e.g. EU Drivers Hours Regulations EC561/2006 and Working Time Regulations, it would be beneficial to drivers to insert links to legislation and Council policies and procedures (e.g. the Locating Systems policy) within the document to ensure they have access to the current edition and reduce the risk of non-compliance due to lack of up to date information. Fleet separately communicates legislation changes to Services (e.g. changes to the Highway Code) to mitigate the risks of non-compliance. An electronic version would ensure legislation amendments can be done more efficiently and with document control the electronic copy is the most up to date version available to all Services.</p>		
IA Recommended Mitigating Actions			
<p>Fleet in conjunction with P&OD should develop and implement driving at work policy to promote compliance and accountability.</p> <p>Fleet should review driver guidance documentation to ensure it remains up to date, and can be updated efficiently in the event of required changes.</p>			
Management Actions to Address Issues/Risks			
<p><i>Agreed.</i></p> <p><i>The Fleet Manager can insist that if an individual driver is presenting a risk to the Council of non-compliance then they can be removed from driving any Council fleet vehicle until the user service has dealt appropriately with the non-compliance. Fleet will work with People & Organisational Development to review and develop driving at work policy (Fleet Vehicles) and supporting guidance for further encouraging good practice and compliance at the driver level.</i></p>			

Ref	Description	Risk Rating	Moderate
	<i>Guidance will be reviewed and updated to ensure it remains current and consistent across documents, with consideration given to moving information online where appropriate.</i>		
	Risk Agreed	Person(s)	Due Date
	Yes	Fleet Manager	December 2024

Ref	Description	Risk Rating	Moderate
1.2	<p>Management Information and KPI Reporting – Up to date information on all Fleet assets (vehicles and plant) is available on the Fleet Management System. When an asset is added to the system a recurring maintenance regime is scheduled, including first use inspections, safety inspections, planned maintenance, MOT's and pre-checks, and vehicle excise duty renewals. This information is reviewed regularly, with the system highlighting upcoming and overdue activities in respect of individual vehicles.</p> <p>The accuracy of system information is vital, as reliance is placed on it to ensure e.g. compliance with safety inspection intervals. If records have not been set up correctly in the first place, the system will not highlight them for action at the appropriate time. The Service confirmed that there are regular manual reviews of event scheduling, however, routine checks on system/record accuracy are not currently documented in a procedure.</p> <p>A variety of plant items (powered saws, leaf-blowers, hedge-trimmers) had been recorded on the system with a vehicle make and model. Whilst this does not impact on their operation, it highlights potential issues with data accuracy.</p> <p>Fleet reports regularly to the Operations and Protective Services Management Team on a variety of drivers' information including licence checks and gate checks. Except for tachograph compliance, where further analysis is presented, the performance information generally focuses on the number of checks, rather than compliance, action, and resolution.</p> <p>With the exception of MOT pass rates, these reports do not include Fleet performance information e.g. inspections completed within scheduled time, or fleet availability / up-time.</p> <p>Review of fleet management system records demonstrated that maintenance schedules are in place for vehicles, and the system flags where these are upcoming, due, or overdue, and when they have been completed. Pre-MOT inspections are being carried out to ensure first-pass rates are maintained. In line with DVSA guidance on maintaining roadworthiness, and the safety inspection interval logged on the Vehicle Operator Licensing System, O-Licence vehicles are inspected every eight weeks, within the relevant ISO week it falls due. However, a recent external review of vehicle maintenance systems compliance commissioned by Fleet identified that one out of six vehicles selected had missed its scheduled safety inspection. Although maintenance is being planned appropriately, and completion can be evidenced at a vehicle level, management information is not currently being reported at a fleet level to demonstrate it is being carried out in line with the schedule.</p> <p>The Service noted that workshop scheduling, to meet demand for planned and un-planned activities, is currently a manual intensive process. There is therefore a risk of inadvertent delay due to prioritisation and resourcing.</p> <p>Regularly reported Fleet performance information would provide assurance over compliance, and highlight areas for management focus, or where data accuracy may require further review.</p>		
IA Recommended Mitigating Actions			

Ref	Description	Risk Rating	Moderate
	<p>Fleet should regularly review, report, and investigate any issues with performance in respect of meeting scheduled maintenance intervals. Consideration should be given by Operations management to monitoring further Fleet and Service performance and compliance data.</p> <p>Fleet should periodically review system data for accuracy and completeness.</p>		
Management Actions to Address Issues/Risks			
<i>Agreed. Greater use of the system reporting tools will be developed to demonstrate performance and compliance, and support targeted intervention as appropriate.</i>			
Risk Agreed	Person(s)	Due Date	
Yes	Fleet Manager	December 2024	

Ref	Description	Risk Rating	Major
1.3	<p>Operator Licence Compliance and Contracts – Systems, records, and procedures (subject to addressing the areas of risk highlighted in this Internal Audit report) provide assurance over the level of compliance with the requirements of the Operator’s Licence.</p> <p>However, the Goods Vehicles (Licencing of Operators) Act 1995 also requires:</p> <p><i>“13C (4) There must be satisfactory facilities and arrangements for maintaining the vehicles used under the licence in a fit and serviceable condition”.</i></p> <p>Schedule 3 further sets out a requirement to maintain: <i>“core business documents’</i> including <i>‘contracts relating to the transport service’.</i></p> <p>Fleet utilises the services of a tyre management company, which provides a 24-hour year-round service for tyre repairs and replacements. However, the contract for these services was entered into in October 2019 for two years (£234k), formally extended for six months, and expired in April 2022. The Scotland Excel framework from which the contract was derived, expired in 2021. No replacement contract has been registered on the Council’s contracts register system, yet expenditure continues to be incurred (£240k since contract expiry). Similarly, there are no current contracts registered for HGV vehicle parts and services obtained from a specific supplier (£258k 2022/23, £67k 2023/24 year to date). This includes MOT testing, for which there are limited local options for dedicated DVSA operated HGV test centres, and a nationally set price is paid.</p> <p>Whilst the Council continues to utilise the services, not having formal recorded contracts presents a risk to continuity of supply. It is also a breach of the Council’s Financial Regulations, Procurement Regulations, and national Procurement Rules, which require competitive tendering at these levels of expenditure.</p>		
IA Recommended Mitigating Actions			
Fleet should ensure contracts relating to the transport service have been competitively tendered and are recorded on the contracts register in line with the Council’s procurement governance rules.			
Management Actions to Address Issues/Risks			
<i>Agreed. The Service will work with Commercial and Procurement to ensure contracts are in place and correctly recorded.</i>			
Risk Agreed	Person(s)	Due Date	

Ref	Description	Risk Rating	Major
Yes	Fleet Manager	December 2024	

Ref	Description	Risk Rating	Moderate						
1.4	<p>Workshop Records – Post delivery inspections are carried out before a newly obtained vehicle is allowed to go into service. There is a standard form, and details are recorded on the fleet management system, however there is no written procedure.</p> <p>If there are any defects, these are reported back to the supplier and followed up on the warranty. However, in six of ten cases reviewed (60%), commissioning information was not available as it pre-dated implementation of the current fleet management system. One vehicle (10%) delivered after system implementation had no available record. Two of the remaining three vehicles' records (20%) indicated defects had been identified, but there was no record of their satisfactory resolution.</p> <p>For vehicles taken out of service, there is also no formal written procedure. Temporary withdrawal of vehicles, or those awaiting sale or disposal, are physically segregated from the rest of the fleet and marked accordingly. There is a vehicle decommissioning form with a tick box exercise on all the stages that require to be completed prior to the vehicle being fully decommissioned. The process is completed by two signatories (decommissioning and closing the file). System records are then updated to show the vehicle has been taken out of service.</p> <p>IA Recommended Mitigating Actions</p> <p>Fleet should develop and implement clear written procedures covering vehicles being taken into and out of service.</p> <p>Management Actions to Address Issues/Risks</p> <p><i>Agreed.</i></p> <table border="1"> <thead> <tr> <th>Risk Agreed</th> <th>Person(s)</th> <th>Due Date</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>Fleet Integration Manager</td> <td>December 2024</td> </tr> </tbody> </table>	Risk Agreed	Person(s)	Due Date	Yes	Fleet Integration Manager	December 2024		
Risk Agreed	Person(s)	Due Date							
Yes	Fleet Integration Manager	December 2024							

Ref	Description	Risk Rating	Major
1.5	<p>Vehicle Records (Defects) – First Use Vehicle Checks must be completed every day or whenever another driver takes control of a vehicle, and are recorded in a Driver's / Operator's Check List and Vehicle Defect Report book held with every vehicle. When a book is completed it is returned to the Fleet depot for retention and a replacement issued.</p> <p>The checklist comprises: vehicle and driver details, dates and times, and mileage. There are 18 separate checks to be completed or marked not applicable, a further 13 checks for vans, pickups and LGV's, and 13 for mini buses. Drivers are also required to sign and confirm the checks have been completed and that they are fit to drive. If a fault or defect is identified it should be recorded.</p> <p>The printed handbooks for LGV/HGV and minibus drivers state:</p> <p><i>"If any defects are identified, the driver must contact the Fleet Services workshop immediately and seek advice".</i></p>		

Ref	Description	Risk Rating	Major
	<p>However, this conflicts with the information in the Check List and Vehicle Defect Report book – which will be the driver's first point of reference when logging a defect. The front cover of the book states:</p> <p><i>“defects must be reported to supervisor or other appropriate person, and name of that person plus time defect reported recorded”</i>; and</p> <p><i>“ANY DEFECT MUST BE REPORTED IMMEDIATELY”</i>; and</p> <p><i>“for further advice, call Kittybrewster Workshop on [telephone number]”</i></p> <p>Out of hours arrangements are also in place for tyre services (however see 1.3 above regarding contracts), but these are not documented in the guidance or defect books.</p> <p>The requirements are therefore unclear, particularly in the event of an incident or uncertainty over the impact of a particular incident or defect on vehicle operation. Supervisors/line managers within Services will need to be aware of any issues with the potential to impact on service delivery, but might prioritise operational demands over fleet management requirements. There is no written procedure to provide clarity over the requirements, and to offer protection and justification for officers or drivers making these decisions. As the experts in the field, and the responsible officers named in the Operators Licence, Fleet should make all decisions as to roadworthiness of vehicles with identified potential defects.</p> <p>The handbooks also state:</p> <p><i>“Drivers must record what action is agreed and with whom on the Drivers First Use Check Form”</i>.</p> <p>However, there is no field on the current form to record this information.</p> <p>The Fleet Compliance Team regularly identifies and investigates instances of defects that have been picked up as part of routine Fleet workshop inspection and maintenance activity, rather than by services at the point in time they were, or should have been, first identified by drivers as part of their daily first use vehicle checks. In 2022/23, 23% of 154 incidents investigated by the Fleet Compliance Team had not been reported in advance. For April to August 2023, 22% of 58 incidents were unreported. 19% of these related to tyres, brakes or steering faults. Delays in reporting defects can present risks to vehicles, drivers, and road users' safety, as well as increased maintenance costs and down-time in the event of subsequent vehicle / parts failure.</p> <p>Services carry out their own periodic gate checks on a proportion of the fleet, and should be reviewing defect books to ensure they are completed correctly, however there is no periodic training on their use. Whilst there will be regular feedback via Compliance Team investigations and reports, clearer guidance and training would promote more consistent practice.</p> <p>Defect books are not otherwise regularly reviewed. From a sample of 197 entries from books for 12 vehicles operated by various Services: 100 (51%) had omissions in mandatory sections. 42 (21%) had not confirmed the driver was fit to drive. 15 (8%) reported defects. Whilst in most cases faults were not repeated, indicating action had been taken, this action was not generally logged in the books themselves. In two cases faults were re-stated or re-occurred at a later date.</p> <p>The current manual process presents a variety of risks, including variations in understanding, completion, quality and content of records, and actions. These are mitigated by additional second line of defence controls – internal fleet compliance monitoring, after the event, and after the risk has been accepted / incurred by the first line. There may be scope to digitise</p>		

Ref	Description	Risk Rating	Major
	the process to improve the availability and timely recording of management information, reducing the risks and cost of control incurred through the current paper-based process.		
	IA Recommended Mitigating Actions		
	<p>Fleet should ensure all documentation and guidance clearly states drivers' responsibility to contact Fleet in the event of any and all defects, prior to driving a Council vehicle.</p> <p>Fleet in conjunction with P&OD should explore options for holding drivers to account for failure to report defects timeously. This could be reflected in a driving at work policy (see 1.1).</p> <p>Fleet should ensure Services have appropriate guidance and training in the completion of vehicle first use checks, and gate checks.</p> <p>Fleet should explore options for digitising first use checks.</p>		
	Management Actions to Address Issues/Risks		
	<p><i>Agreed. Fleet will work with People & Organisational Development and user services to explore options for further encouraging good practice and compliance at the driver level (e.g. policy and training development as appropriate). The requirement to report all defects to Fleet at the point they are identified will be reiterated. Options available on the fleet management system for digitising first use checks will be explored with a view to improving accuracy and efficiency of their completion, and supporting management action.</i></p>		
	Risk Agreed	Person(s)	Due Date
	Yes	Fleet Manager	December 2024

Ref	Description	Risk Rating	Minor
1.6	<p>Driver Records – Reliance is placed on recruitment processes and Service Line Management to periodically undertake driving licence checks for employees driving as part of their work. Services maintain their own records of this activity.</p> <p>Fleet monitors licences for drivers of O-Licence vehicles and those using tachograph systems, using an online licence bureau system that regularly reviews licences for changes. The system is also used to monitor drivers' Certificate of Professional Competence, for which 35 hours of training must be logged every five years, and a qualification card held by the driver.</p> <p>Digital tachograph data is uploaded, analysed, and reported within set timescales. There are regular breaches of requirements, the majority of which are attributable to driver absences not being correctly recorded (41% of 146 infringements over nine months of data). Other regular items included drivers failing to set the system correctly, or not removing cards from vehicles after driving. System records also indicate that drivers' cards may not always be renewed in advance of expiry. Infringements are all reported to line management, reviewed with and acknowledged by drivers, and relevant actions are recorded.</p> <p>Although the Fleet Compliance Team monitors infringements to ensure drivers are being debriefed timeously, there is no current training for supervisors acting on infringements. Whilst there are few recurring infringements at an individual level, there are common themes. Training at a Service level could raise the profile and help reduce avoidable infringements in the future, and the resulting requirement for non-compliance action.</p>		
	IA Recommended Mitigating Actions		

Ref	Description	Risk Rating	Minor
	Fleet should identify recurring tachograph infringement types and provide training to Services in avoiding them.		
Management Actions to Address Issues/Risks			
<i>Agreed. As agreed above Fleet will develop further management information from systems data, and will work with P&OD and user services to explore options for further encouraging good practice and compliance at the driver level.</i>			
	Risk Agreed	Person(s)	Due Date
	Yes	Fleet Manager	December 2024

Ref	Description	Risk Rating	Moderate
1.7	<p>Management Assurance – Access to the fleet management system is restricted to key individuals within Fleet. It must be updated daily to ensure work is planned effectively and actions recorded, to demonstrate an appropriate and compliant level of vehicle maintenance management. Assurance and resilience (e.g. in the event of key staff absences) would benefit from increased numbers of users with the relevant training and system access. Outside of the system there are manual processes including workshop scheduling, and vehicle excise duty renewals, which require time and resource, and present risks in the event of absences. These could benefit from automation.</p> <p>The Fleet Compliance team establishment includes a Team Manager and two assistants. There are currently vacancies in the team for which recruitment is ongoing. While these vacancies persist there is a risk to capacity to identify and address potential compliance issues. This risk is compounded by limited advance planning, and potential process inefficiencies – though it is recognised capacity is also required to address these. The Team formerly maintained a compliance diary to schedule planned activity e.g. gate checks, depot audits etc. This is no longer used. Whilst ‘unannounced’ visits can be a useful tool to observe normal practice, if the team is not scheduling its own work in advance there is a risk it will not obtain the intended level of assurance over the required period. However, there is evidence of compliance monitoring activities taking place. Where areas for improvement are identified, these are advised to Services for action, although there is limited follow-up activity to confirm implementation.</p> <p>There are periodic gate checks completed by both the Compliance Team and services, covering a proportion of the fleet (minimum of 10% per month but regularly covering 25-30%). Management information in this respect focuses on the number and proportion of checks, rather than compliance and coverage. Repeat checks of the same locations, vehicles, and drivers would count towards the target but may not add as much value. A more targeted approach could yield efficiency and compliance benefits.</p> <p>The Compliance Team investigates all incidents and accidents reported by the Workshop. As noted at 1.5 above, a substantial proportion of defects are not being reported in advance. Investigation reports require responses from services to confirm they have reviewed the incident / evidence provided and taken appropriate action, including highlighting the issue to the driver and reinforcing the requirements. Services do not always respond promptly, which causes additional work following up responses. Similarly, the Compliance Team had to follow up with services to obtain responses to 21% of 151 tachograph compliance reports between November 2022 and August 2023. Without these responses, the team has less assurance that compliance issues are being addressed.</p>		

Ref	Description	Risk Rating	Moderate
	<p>If the requirements were underlined by Policy (see 1.1 and 1.5 above), or if Service performance information included compliance levels and response rates (particularly given the main Fleet users are also within Operations) (see 1.2 above), Services could be more effectively held to account, reducing the impact on the compliance team's workload.</p> <p>The current reporting and follow up process is a largely manual exercise. There are standard forms which effectively delineate the process, and there are written procedures – though these contained inactive links and no document control, reducing assurance over their current status. There are standard formats for reporting the outcome of checks, however these would benefit from clearer and more concise content on the specific issues, actions, and timescales for resolution. If actions could be recorded on a system there may also be scope for automation of reporting and follow up.</p>		
	IA Recommended Mitigating Actions		
	<p>Fleet should ensure sufficient members of the team have access and training for the fleet management system.</p> <p>Fleet should review opportunities for automation of recurring tasks.</p> <p>Fleet compliance activity should be scheduled to ensure an appropriate level of coverage, including a targeted approach based on relevant management information.</p> <p>Compliance reporting should clearly identify the relevant issues, requirements, and timescales for action.</p>		
	Management Actions to Address Issues/Risks		
	<p><i>Agreed.</i></p> <p><i>All Fleet staff have appropriate access to the system as per their access requirements, however consideration will be given to resilience in the event of absences. Opportunities to further exploit system and data potential are welcome and will be reviewed.</i></p> <p><i>Compliance activity will be scheduled but will include unannounced visits as we seek to ensure compliance is embedded in service culture. The team will review options for review and follow up activity, which is currently limited as a result of ongoing vacancies.</i></p>		
	Risk Agreed	Person(s)	Due Date
	Yes	Fleet Manager	December 2024

4 Appendix 1 – Assurance Terms and Rating Scales

4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk Level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

5 Appendix 2 – Assurance Scope and Terms of Reference

5.1 Area subject to review

Aberdeen City Council's Fleet provide vehicles to services within the Council including e.g. Environmental services; Building services; Grounds maintenance; Schools and Roads. Fleet assets range from snowploughs through to smaller fuel powered items such as grass maintenance equipment.

Under the Goods Vehicles (Licensing of Operators) Act 1995, the Council requires to hold a "Vehicle Operators Licensing System" to operate goods vehicles (or a combination of vehicles and trailers) over the defined weight of 3.5 tonnes to ensure the vehicles are roadworthy, used properly and responsibly. Retaining the licence is conditional on appropriate fleet management practices and adherence to specified rules.

Fleet have permission for up to 111 vehicles under the "Vehicle Operators Licensing System" (Operators Licence). Currently there are 94 vehicles and 3 trailers on the Operators licence (31/05/2023). There are a total of 523 vehicles (31/05/2023) which includes those declared on the Operators licence. This figure excludes hired vehicles comprising long and short-term hire. Fleet have a responsibility to maintain vehicles in a safe and roadworthy condition whilst being compliant with legislation. Individual services and drivers have a responsibility to comply with corporate policy and driving regulations in respect of their use of vehicles provided by Fleet.

The Secretary of State for Transport appoints Traffic Commissioners, who act independently of government, as regulators to the Road Transport Industry. They ensure that those granted an Operators licence are operating in a safe, reliable manner and fully comply with the Goods Vehicle Act 1995. The Traffic Commissioner may revoke; suspend; curtail or refuse to extend the Operators licence if the licence requirements are not met by the holder of the Operator licence. Such an occurrence would impact on all the services that Fleet supply vehicles to and ultimately restrict the ability of the Council to deliver its functions.

The Driver and Vehicle Standards Agency (DVSA) is the Government's enforcement agency responsible for ensuring Fleet Services are complying with the legislation in the areas concerned with vehicle roadworthiness; driver hours; facility inspections; safe vehicle loads and Operator licensing.

To ensure best practice and that vehicles are safe and in a roadworthy condition there is a requirement to have an effective management system in place which has a robust maintenance schedule and appropriate lines of supervision.

The DVSA set out that:

"To ensure best practice, you will need to combine good quality maintenance practices and skills with supervision and effective management"².

At any point in time a DVSA officer may visit a premises and inspect the facility to determine that the premises are suitable as an operating centre and that the Operator Licence holder is complying with the Operator Licence requirements. DVSA calculate the risks of an Operator by using the "Operator Compliance Risk Score" system.

The DVSA officer may access any large goods vehicle to inspect it and the goods it carries. Under the terms of the license the operator requires to specify the number of vehicles it holds and the maximum weights that each vehicle carries. DVSA or the Police may carry out random roadside checks to ensure

² DVSA Guide to maintaining road worthiness. Commercial goods and public services vehicles. Crown copyright 2023.

compliance with vehicle weight restrictions specified in the Operator licence both on motor vehicles and trailers.

Fleet are responsible for ensuring the vehicles are in a “fit and serviceable” condition. Various vehicle inspections/checks require to be carried out by both Fleet and the vehicle operator to ensure the vehicles are safe and roadworthy for public highways:

5. Safety inspections.
6. First use inspections
7. Intermediate safety checks
8. Daily walkaround checks.

It is the legal responsibility of the vehicle driver to ensure that the vehicle is safe to use on public highways. Drivers are trained to identify defects or issues prior to using a vehicle to reduce the risk to themselves; the public and the vehicle asset. In addition, drivers responsible for vehicles itemised under the Operator’s licence have their drivers’ licences checked regularly for infringement or licence issues.

Drivers of heavy goods vehicles, buses or coaches require to hold a Certificate of Professional Competence (CPC). There is a periodic training requirement to complete 35 hours of training every 5 years. Penalties can be imposed if these measures are not met.

5.2 Rationale for review

The objective of this audit is to obtain assurance that adequate procedures are in place to effectively manage the Councils vehicle and driver records, to comply with licence and insurance requirements.

Following concerns raised by the Traffic Commissioner, Internal Audit carried out a review in 2017 to determine whether the actions put in place to remedy these concerns were working as intended. On completion the 2017 internal audit identified issues regarding timely reporting by services of accidents and incidents; completion of repairs by external contractors; vehicle maintenance records; staff recruitment; tyre replacements and condition of tyres when performing vehicle first daily checks; tachograph infringements; review of the reported statistics for the statutory performance indicators on driver license issues and the centralisation of Certificate of Professional Competence (CPC) training records.

It was determined that Fleet could not make the changes in isolation and were reliant upon services and their drivers to operate their vehicles in adherence with corporate policy. New procedures had been implemented and following the recruitment of a Fleet Compliance Officer the frequency of compliance audits would be increased with an escalation process implemented to identify and address any further issues promptly. There were plans for a further two Fleet Compliance Assistants, Workshop Manager and Workshop Supervisor to be recruited in the future.

There need to be suitable controls, and checks over compliance, to address potential risks to the continued and effective operation of services which rely on vehicles for their delivery or support.

5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the Corporate level.
- Individual **net risk** ratings for findings.

5.3.1 Detailed scope areas

As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.

The specific areas to be covered by this review are:

- Procedures and corporate responsibilities
- Management information
- Operator licence compliance & KPI reporting
- Workshop records
- Vehicle records
- Tyre management
- Driver records
- CPC training records
- Staffing
- Tachograph compliance
- Insurance

5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance. The audit will include examination of vehicle and driver records, random spot checks of vehicles and associated Driver first use check sheets to obtain assurance of the audit objective.

5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
 - Council Key Contacts (see 1.7 below)
 - Audit Committee (final only)
 - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Debbie Steele (**audit lead**)
- Colin Harvey, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

5.7 Council key contacts

The key contacts for this review across the Council are:

- Steven Whyte, Director, Resources, Resources – Director cluster
- Mark Reilly, Chief Officer, Resources – Operations & Protective Services
- John Weir, Fleet Manager, Resources – Operations & Protective Services. (**process owner**)
- Agnes Aitken, Fleet Compliance Manager, Resources – Operations & Protective Services

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	23-06-2023
Scope agreed	30-06-2023
Fieldwork commences	03-07-2023

Milestone	Planned date
Fieldwork completed	21-07-2023
Draft report issued	04-08-2023
Process owner response	25-08-2023
Director response	01-09-2023
Final report issued	08-09-2023