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| COMMITTEE        | Audit & Risk                               |
| DATE             | 22 February 2018                           |
| REPORT TITLE     | Vehicle Maintenance Audit AC/1808 - Update |
| REPORT NUMBER    | CHI/18/008                                 |
| INTERIM DIRECTOR | Bernadette Marjoram (Interim)              |
| REPORT AUTHOR    | William Whyte                              |

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**1. PURPOSE OF REPORT:-**

- 1.1 This report is in response to the Audit and Risk committee, held on 23<sup>rd</sup> November 2017, asking the Fleet Manager to provide an update to committee on recommendation 2.7 Expenditure in the audit report on Vehicle Maintenance AC1808.

**2. RECOMMENDATION(S)**

It is recommended that the Committee: -

- (i) notes the progress made in advancing compliance with recommendation 2.7 Expenditure in the audit report on Vehicle Maintenance AC1808.

**3 BACKGROUND/MAIN ISSUES**

- 3.1 Following an Internal Audit AC1808 it was noted that there were regulatory issues related to Fleet Services' procurement of goods and services. The audit report recommended that the "The Service should ensure that Procurement Standing Orders are adhered to".
- 3.2 This is a historical situation which the current Fleet Services management team have inherited and are currently working on to improve.
- 3.3 Prior to this audit, Fleet Services had started to review the current supplier list and populate the services contract register.

- 3.4 Since the audit, meetings with Commercial and Procurement Services have taken place to take advice on ensuring that the contract register is correctly populated and to ensure compliance with procurement standing orders.
- 3.5 At the time of writing this report further meetings have been arranged with Commercial and Procurement Services to build on the work already carried out and to move further towards compliance.
- 3.6 These meetings will review the current service spend to identify outstanding gaps. This will take into account identified spend and where it is going; identify gaps in frame work provision; and identify the work plan elements to fill these gaps.
- 3.7 Commercial and Procurement Services are working closely with the Fleet Services team to ensure that they are fully conversant with the procedures and process as specified by the council's procurement standing orders.
- 3.8 It will be a challenge to complete the process with Commercial and Procurement Services within the target timeframe. However Fleet Services are prioritising this work within existing resources and progress will be reported back to committee as part of the normal audit reporting process.
- 3.9 The service has been processing all new suppliers in accordance with Procurement Regulations and will continue to do so in liaison with Commercial and Procurement services.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 To accelerate this task additional labour resource would be required of 1- 2 persons. The service is currently exploring opportunities to recruit to existing vacancies within the service.

#### **5. LEGAL IMPLICATIONS**

- 5.1 The Council's Procurement Regulations help to ensure that the Council meets its statutory requirements. The full implementation of the recommendation will help the Council to fully meet its legal obligations and mitigate the risk of any challenge to the Council

## **6. MANAGEMENT OF RISK**

- 6.1 Financial – Additional budget to provide labour resources. Increased downtime and increased hire costs. Potential costs associated with challenge to decision making process.
- 6.2 Employee – additional demand on existing staff.
- 6.3 Customer / citizen – There is a risk to Service delivery as above at 3.1.
- 6.4 Environmental – Potential cost increases to waste collection as result of vehicle availability.
- 6.5 Technological - No significant risk.
- 6.6 Legal – risk as above at 5.
- 6.7 Reputational – Failure to observe Procurement Regulations could risk reputational damage to the Council. This in turn could lead to allegations of unfair procurement practices and associated external scrutiny by regulators.

## **7. IMPACT SECTION**

### **Economy**

- 7.1 None.

### **People**

- 7.2 None.

### **Place**

- 7.3 None.

### **Technology**

- 7.4 None.

## **8. BACKGROUND PAPERS**

Internal Audit Report Audit report AC1808 – Audit and Risk Committee  
23<sup>RD</sup> November 2017

**9. APPENDICES (if applicable)**

None

**10. REPORT AUTHOR DETAILS**

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