

Essex Fire Authority

[Internal Audit Report \(2.14/15\)](#)

FINAL

Fleet Management

22 December 2014

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1 Executive Summary

1.1 Introduction

An audit of Fleet Management was undertaken as part of the approved internal audit periodic plan for 2014/15.

Essex County Fire & Rescue Service operates a fleet workshop at Lexden where maintenance and servicing is carried out on the Authority's operational equipment, fleet of fire appliances, specials and other vehicles. The service use the 'MIS' system to maintain vehicle records electronically, this maps out when the vehicle services are due and when inspections have been carried out. The fleet currently consists of 338 Vehicles and 656 items of equipment. The overall responsibility of fleet management is down to the Engineering Manager, who is supported by an Assistant Engineering Manager, then a Transport Manager and a Workshop Manager.

A Vehicle and Equipment Asset Management Strategy has been set out for 2013-2017 to establish the direction that the fleet management will follow, in maintaining, managing and adding to the fleet. The Service has agreed to follow a joint venture with other Fire Authorities, in order to procure a regional pumping appliance in order to gain greater value for money.

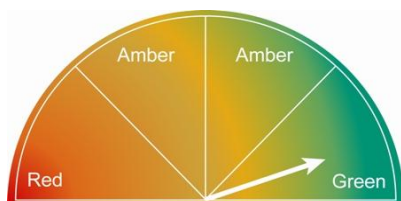
The Vehicle and Equipment Asset Management Strategy was due for a formal review and appraisal against the progress made to date in July 2014; however this has been delayed due to waiting for the outcome of the joint procurement exercise and placing the order for appliances for the next four years. This order has now been placed but the specification is still being defined. In addition, the life cycle of the appliances has been assessed and has been changed from 13 years to 15 years.

The Service adhere to Manufacturer's recommendations on service schedules and service content and the Chief Fire Officers Association (CFOA) Transport Officers Group Best Practice Manual are followed for the Maintenance requirements for the different types of vehicles.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	The Service manages its fleet to ensure both operational and support functions have access to vehicles and equipment that are fit for purpose, safety and legally compliant.
Risk	The Service is unable to respond to emergencies appropriately due to an inadequate fleet of vehicles and is at risk from legal challenge if vehicles and equipment are not maintained and controlled in accordance with Road Traffic legislation.

1.2 Conclusion



Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Effectiveness

Fleet Workshops are currently achieving 92% compliance with its urgent defects performance measure of attending within three hours.

Design of control framework

We found that the following controls were designed adequately;

- The Vehicle and Equipment Asset Management Strategy has been developed to provide focus for the activities of the Fleet Services Department in support of the wider organisational goals. Our review of the Strategy confirmed that it is comprehensive and fit for purpose.

The Strategy incorporates the areas of procurement, servicing, maintenance, insurance and disposal. In addition, the Strategy incorporates the CFAO's best practice for Fleet Management in readily available to all staff members.

- The Service utilises MIS as its system Fleet Management System. The system is designed to capture all of the information about the Service's fleet including individual's vehicle's purchase, service and defect history. During the audit we completed a walkthrough of the system in order to confirm that it was fit for purpose and our sample testing confirmed that the system was being effectively and consistently used to record the Service's fleet history.
- Procurement of fleet assets is undertaken in line with the financial regulations of the Authority, UK and European regulations and statutory instruments appertaining to public contracts. Procurement exercises are in accordance with the EFCRS procurement strategy. Where possible and to ensure best value, procurements should be made through national, regional or collaborative frameworks, where frameworks are not available tendering will mirror best practice as detail in the procurement strategy.
- Additions or changes to the fleet follow the above method and require a business case which includes the rationale for the additional resources. This ensures that a formal justification is evidenced and placed in context of this Strategy and considerations of alternative methods of provision are considered prior to expenditure being incurred.
- Through our sample testing of 15 vehicles we confirmed that the vehicles were procured using the NPFA Framework which provided the Service with a 30.5% discount. Furthermore, a detailed business cases that provided the justification for the purchases were produced and approved by the Deputy Chief Fire Officer.
- Essex is the leading Authority on the Fire & Rescue Service Eastern Region - regional pumping appliance procurement. The group currently consist of the following authorities:
 - Essex
 - Cambridgeshire
 - Bedfordshire
 - Hertfordshire
 - Norfolk and
 - Suffolk
- The group have agreed to work together to specify and procure a generic type pumping appliance in order achieve greater value for money and through economies of scale. To date Essex and Bedfordshire have agree a generic type pumping appliance and have started procuring their appliance needs for the next four years. This approach has provided the Service with greater negotiating powers and maximise their value for money.
- Commissioning, servicing, repair and maintenance of fleet assets as applicable is carried out in accordance with the guidelines of the CFAO Best Practice manual for fire service fleet maintenance, manufacturer's guidance, and national standards and also in accordance with the Fleet Workshops scope of accreditation within its ISO9001:2008 Quality System.
- Each asset type is allocated an appropriate service plan and inspection schedule dependent on the nature of the Vehicle and how it is used. This schedule is set up within the Fleet Management or the Equipment Management MIS systems and is such that the closure of one job card of a specific job type will automatically schedule the next due inspection or service according to pre-set plans. Prior to the start of each month a job list is generated from the MIS system and passed to reception to make the booking.
- Through sample testing of 15 Fleet Assets we confirmed that each had a schedule of works in place and was being serviced in line with its programme and the information was being captured on the MIS system. In addition, a review of the MIS system at the time of review noted that no Appliances were overdue a safe inspection.
- Fleet Services seek to reduce down time of critical assets due to defects by continued delivery of 24/7 response service to end users. To this end following defect response categories have been developed:
 - One Urgent Day defect- Attend within 3 hours
 - One Urgent out of hours- Attend within 3 hours
 - Two- non urgent defect- attend within 24 or agreed between workshops & OIC
 - Three- non urgent- next time call at station or at next service.

All defects are reported to control who pass the concern to workshop who then enter it into a workbook and a job card is produced and given an engineer to correct the defect. Once completed the end date is added to the log book. The log and jobs cards are used to populate MIS and Defects spreadsheet. Through our sample testing of defects reported to workshop we confirmed that each defect was accurately and consistently capture the MIS and Spreadsheet reflect the source data held on the job cards and log book.

- The Service current insures its fleet vehicles with Zurich Municipal. The insurance policy permits the use of the fleet vehicles in regards to the Service's business, social domestic and pleasure purposes. The Service is required to provide Zurich with a full list of fleet vehicles. We obtained and reviewed the Service's current Insurance certificates and confirmed that Fleet vehicles are insured until 31st October 2015.

We confirmed that the latest fleet list was provided to Zurich and confirmed that it is run every Monday from the MIS system and submitted to the Transport Manager who reviews ensure that all of the vehicle are recorded. In addition at the time of the audit we fully reconciled the fleet list back to the insurance coverage and confirmed that it covers all current fleet assets.

- The Service currently replaces vehicles and equipment in accordance with an agreed and planned life cycle and to a predetermined renewals programme as detailed in the asset file and the Strategy. Through sample testing we confirmed that each of Vehicle had reach the end of its useful life as per the Strategy, all were sold via a public auction as per the Financial regulations and proof of the sale and payment was retained within the Vehicle's file within the Fleet Management Office and the MIS system was updated accordingly.
- The Fleet management monitors their KPI's on a monthly basis, to ensure that maintenance, repairs and servicing are carried out timely and efficiently. The areas which are monitored are;
 - Downtime
 - Defects
 - Defect Response times

The Fleet Tactical Forum is held on a bi-monthly basis to discuss matters relating to Fleet management. Meetings are held ensuring that all KPI's are discussed in the Forum meetings and staff involved is aware of issues. The FTF meetings are attended by; Fleet Services, Workshop, Transport, Training, Fire Safety, Purchasing and Operations. Action points for faults found are agreed upon and updated in the meetings. The FTF presently reports up into the Senior Management Board, prior to this they reported to the Vehicle and Equipment Asset Management Group. From a review of the meetings minutes we confirmed that the KPI's relating to; Downtime, Defects, and Defect Response Time are discussed and performance challenged.

Application of and compliance with control framework

Through the course of the audit our testing confirmed that the control framework was effectively applied and complied with. No areas of weakness have been identified that have resulted in a recommendation being made.

1.3 Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

- Testing was on a sample basis only.
- We have not provided an opinion as to whether the correct or appropriate vehicles have been purchased.
- We have not provided an opinion as to whether the vehicles are in a fit for purpose condition.
- In addition, our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist. It should not, therefore, be considered as a comprehensive review of all aspects of non-compliance that may exist now or in the future.

The approach taken for this audit was a Risk-Based Audit.

1.4 Recommendations Summary

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

Risk: The Service is unable to respond to emergencies appropriately due to an inadequate fleet of vehicles and is at risk from legal challenge if vehicles and equipment are not maintained and controlled in accordance with Road Traffic legislation.	Priority		
	High	Medium	Low
Design of control framework	0	0	0
Application of control framework	0	0	0
Total	0	0	0

1.5 Additional Feedback**Good Practice Identified During the Audit**

- It is evident that the Authority follow the CFAO's best practice for Fleet Management, with the Vehicle and Equipment Asset Management Strategy commenting on the use of this in key areas.
- All new purchases follow the same trail, all presented in a business case and procured via NPFA Framework and the purchase orders were approved by the Deputy Fire Officer.
- The MIS system plan has been set up to capture service plans and highlight when a service is required.
- Defects follow a robust path; all defects reported are logged, have corresponding job cards, MIS records and are present on the Defect spreadsheet.
- The latest fleet list is run every Monday from the MIS system and submitted to the Transport Manager, ensuring that all Vehicles are recorded.
- All relevant information is inputted into the system regarding disposals, and documentation was present to prove all sales were authorised by the Fleet Manager and were sold via public auction as per financial regulations. With all sale and payment proof retained in the Fleet management office.
- KPI data that was reported in the Fleet Technical Forum could be reconciled against the Defect, Defect response, and Downtime spreadsheets.

2 Action Plan

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
No recommendation raised during the review						

3 Findings and Recommendations

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all audit testing undertaken.

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
	Risk: The Service is unable to respond to emergencies appropriately due to an inadequate fleet of vehicles and is at risk from legal challenge if vehicles and equipment are not maintained and controlled in accordance with Road Traffic legislation.				
	No areas of weakness identified.				