

Report to: Audit Committee

Date of meeting: 07 July 2023

By: Director of Communities, Economy and Transport

Title: Response to Internal Audit Reports

Purpose: Audit Committee is asked to note the proposals and actions to respond to the Cultural Compliance and Vehicle Use Audits

RECOMMENDATIONS: Audit Committee is recommended to:

(1) Note the actions within the report

1 Background

Contract Management Cultural Compliance

1.1 A cultural compliance audit of the Highways Contract Management Group (CMG) was completed in 2019/20 with the result being a partial assurance. A follow-up audit was completed in February 2023 with the result also being partial assurance.

1.2 Both audits identified a number and similar areas for improvement and demonstrates that actions from the first audit were not implemented either correctly or fully.

The areas identified included;

- Completion of the Declaration of Interest (DOI) submissions
- Appointment of Consultants and contractors
- Staff catering expenses
- Use of Purchasing Cards (P-Card) and apportion of VAT
- Staff performance management
- Deduction of Ordinary Commute Mileage and approver checks
- Travel and “out of pocket” reimbursement/claims
- Annual leave approval

1.3 While some of the areas were not repeated in the second audit, seven areas were repeated or partially repeated most notably in the highest risk areas and five new areas were also identified. This is unacceptable given the management structure in place, the experience of the team and specifically the agreed actions from the previous audit and the subsequent clear demonstration of poor control demonstrated.

1.4 Robust actions have therefore been developed by the Head of Service to ensure these management failures are not repeated. The Head of Service will be responsible for the action plan and will monitor the plan to ensure all actions are implemented and embedded in the team.

Vehicle Use

1.5 An audit of Vehicle Use was completed in 2020/21 and received an audit opinion of Partial Assurance. A follow-up audit was completed in November 2022 with the result also being partial assurance (a summary of this was reported in Internal Audit’s quarter 3 progress report which was presented to Audit Committee in March 2023).

1.6 Whilst the Fleet Management Team have fulfilled their responsibilities in addressing the key, agreed action from the previous audit the follow-up audit work has confirmed that there are still issues of non-compliance with agreed policy in relation to the use of Council vehicles, and more generally in relation to ensuring annual checks are undertaken on staff driving licences and insurance.

2 Supporting information

Contract Management Cultural Compliance

2.1 The findings and recommendations of the audit have been shared and addressed with the entire team through reminder emails, discussion at team meetings and at the Contract Managements Group regular meetings.

2.2 A robust action plan has subsequently been developed by the Head of Service to address all the issues identified with specific controls and checks to manage and implement the actions.

Vehicle Use

2.3 The Head of Service responsible for our fleet team sent an educational email to key contacts across the authority for all fleet vehicles. This email included existing guidance over 'The Safe Use of Motor Vehicles' and 'The Minibus and People Carrier Operation Guidance' and advised them of their responsibilities to:

- Complete vehicle mileage logs.
- Retain and undertake reconciliation of vehicle mileage logs and fuel receipts.
- Ensure staff driving licences and insurance records should be reviewed on an annual basis.

These key actions to ensure compliance with our policies rest with relevant managers across all our departments.

2.4 To assist with giving assurance of compliance with these actions, the fleet management team will undertake 6 monthly spot checks to see if these actions are being taken and then give feedback to the relevant Assistant Directors.

2.5 In addition we have issued a reminder to all managers of the requirement for annual reviews to ensure all staff driving on Council business hold sufficient driving licences and insurance.

3 Conclusion and recommendations

3.1 It is unacceptable that the issues from the initial audits were not successfully implemented with the consequence that many issues were repeated with no significant improvement able to be demonstrated, particularly with what should be basic management requirements.

3.2 A detailed action plan has been developed by the Head of Service for Highways to address each point of concern raised by the audits. They will monitor and be responsible for the action plan to ensure the failures are not repeated and the right culture is embedded in the team.

3.3 The Head of Service for the fleet management team will undertake 6 monthly checks to ensure the necessary actions are being taken.

3.4 It is therefore recommended that Audit Committee note the action within this report and the commitment by the department to ensure an improved audit opinion when the next audits are undertaken in 2023/24.

RUPERT CLUBB

Director Communities Economy and Transport

Contact Officers: Dale Poore & Carl Valentine

Tel. No: 0775 664161 & 01273 336199

Email: dale.poore@eastsussex.gov.uk & carl.valentine@eastsussex.gov.uk

LOCAL MEMBERS

None

BACKGROUND DOCUMENTS

None