

Executive Summary

Central Transport Service (CTS)

BACKGROUND

- 1 An Internal Audit review has been undertaken of the control environment of 'Central Transport Service (CTS)'. CTS is responsible for the management and maintenance of a fleet of over 1000 commercial and specialist vehicles, comprising heavy goods vehicles, goods vehicles, light commercial vehicles, buses, small cars and vans and plant equipment. CTS specialises in servicing and supporting the vehicles as well as offering MoT, vehicle testing and washing services to the public.
- 2 The objectives of the audit were to provide assurance that:
 - Strategy is aligned to corporate strategic priorities, and policies are clear, effective, and aligned to operational good practices.
 - Effective and well governed systems are operated in respect of purchasing and procurement, stock management, payroll, workshop, and wider operating activities.
 - There is compliance and control in respect of associated legislative and corporate requirements; and
 - Previous audit recommendations have been addressed by management.

MAIN CONCLUSIONS

- 3 The audit identified a number of control gaps that need to be addressed to provide the necessary assurance on good governance, risk management and systems of internal control, and an audit opinion of **unsatisfactory** has been allocated.
- 4 At a strategic level, a Fleet Strategy for the Council had not been finalised and a CTS Business Plan was considered to be required to define and set a sustainable business model with corporate and commercial aims and priorities for CTS, including charging and investment mechanisms. A service area risk register was not in place and is considered necessary to escalate and manage risk.
- 5 At an operational level, non-compliance was noted in contract controls and processes, although additional controls for spot hire contracts were promptly put in place in response during the audit. Incomplete lists of vehicles owned or leased by the Council for control, repair and maintenance assurance were found. Up to date and complete service level agreements were not available during the audit between CTS and service areas and required review and formalisation. Monitoring and oversight arrangements also need to be developed further and areas considered include CTS purchasing card use and authorisation, the system for taking vans home, the prompt raising of invoices, the monitoring of vehicle end of life, bunkered fuel processes and the alignment of overtime to business needs.
- 6 From the outset of the audit, the Operational Manager (OM), who had recently been tasked with overseeing CTS alongside their substantive post duties, engaged positively with Internal Audit, and discussed matters that they considered needed to be addressed from their initial observations and reviews. This assisted the audit, and it is noted that the OM has already

taken positive steps to enhance systems and governance in place at CTS, including commissioning external reviews in several areas including Operational Licences (“O” licences), Health & Safety (Coleridge Road) and performance reporting elements within Tranman (the Council database used for monitoring vehicles and scheduling work).

RECOMMENDATIONS FOR ACTION

- 7 The audit included thirty-four recommendations (two red, twenty-six red/amber and six amber/green).
- 8 Management have agreed all recommendations raised during the audit.

LATEST POSITION

- 9 A formal response has been received with a commitment to deliver all recommendations.
- 10 Internal Audit will continue to monitor the internal control environment through the recommendation tracker and regular discussions with management. A further follow up audit will be undertaken in line with the audit protocol.