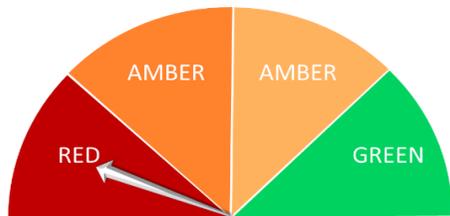
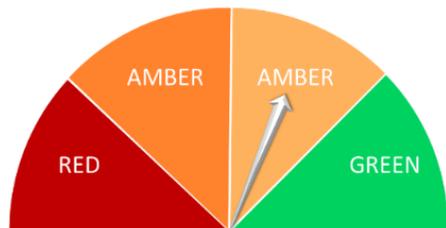


Flintshire Internal Audit

Original Assurance Rating (April 2021):



Revised Assurance Rating (May 2023):



Follow Up Audit Report

Title: 22/23 Loss of O Licence - Follow Up

Portfolio: Streetscene & Transportation

Issued Dated: May 2023

Report No: 11-2022/23

Report Status: FINAL Report v1

Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards.

1. Executive Summary:

Audit Opinion:

In each report we provide management with an overall assurance opinion on how effectively risks are being managed within the area reviewed. Appendix A of the report details our assurance levels:

Assurance:	Explanation
 <p data-bbox="174 639 383 694">Amber Green – Reasonable</p>	<p data-bbox="450 517 1800 544">Reasonable progress in implementing agreed actions / Key Controls in place but some fine tuning required</p> <ul data-bbox="465 555 2013 647" style="list-style-type: none"> • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments <p data-bbox="450 651 1368 678">Conclusion: reasonable progress; key controls generally operating effectively.</p>

Introduction, Scope and Summary Findings:

We completed an audit of Loss of O Licence in April 2021, audit report reference 31-2020/21. Our overall opinion in that audit was that the control environment in operation at the time provided **some assurance** that key risks were being managed and controlled effectively. The original audit report contained 3 'Red' high priority agreed actions for management.

The scope of this follow-up review is to assess the extent to which the agreed actions identified in the original audit report have been implemented and embedded. We have reviewed supporting documentation to identify progress made against agreed management actions however, at the request of the Chief Officer, we have not spoken to the Highway Network Manager or any staff within the Fleet team as part of this piece of work.

Shortly after issue of the April 2021 audit report the Fleet Manager resigned from the service following several extended periods of absence. Following three separate attempts to recruit a replacement a new Fleet Manager came into post in March 2022. The new Fleet Manager was tasked with addressing the agreed audit actions and some work took place to progress this.

The Fleet Manager position is currently vacant following the unexpected and sudden death of the new post holder in October 2022.

Recruitment took place in December 2022/January 2023 and an appointment was made, but during the course of the pre-employment checks, the individual withdrew from the process and declined the appointment.

Interim arrangements are in place with the existing Fleet Technical Officer, who has been temporarily acting up into the role for the last 6 months and will continue to do so until the recruitment is complete.

The Association of Public Service Excellence (APSE) were approached to see if they could provide temporary support to the Fleet Management team, as a result an individual is providing 2 days a week support for a 12 week period commencing mid May 2023, with a view to possibly extending for a maximum of 6 months.

Recruitment to the Fleet Manager position is in progress, with an offer verbally accepted in early May 2023. It is hoped the individual will be able to start in post late June / early July 2023, subject to satisfactory pre-employment checks.

Support is also being provided through the portfolio's Compliance and Training Manager with reviewing/drafting new processes for fleet services and regular meetings are taking place between this manager and the Highway Network Manager to progress this aspect and ensure that reporting takes places routinely for the agreed actions in the audit report e.g., tachograph compliance, service and maintenance reporting and a documented set of procedures for Operator Licence requirements.

SMT are also looking to build in additional capacity to the team, subject to funding and approval through the vacancy management process. A report was presented to the Chief Officer Team (COT) on 17th May 2023 outlining the issues with resilience and capacity within Fleet Services and support was given for additional posts to be created. A report will now be submitted to Cabinet in July requesting budget approval for the additional posts.

Providing that a successful appointment is made in May 2023, the new Fleet Manager is likely to commence with the authority in either late June/early July and will need a period of transition into the role as part of the 6-month probation period. This means that they are likely to be added to the Operator's Licence after March 2024 and upon satisfactory completion of the probationary period. The new Fleet Manager will also have the opportunity to contribute to the creation of the additional new posts and assist with recruitment and on-boarding subsequently. Subject to approval and satisfactory recruitment, it is anticipated that the additional posts will be in place by December 2023 / January 2024.

The service recognises that circumstances have caused disruption and left them under-resourced. One of the audit actions agreed in April 2021, whilst initially considered to have been implemented, has been reclassified as 'in progress' as it is not yet fully embedded. The remaining two actions are also considered to be 'in progress'. All are near completion with the majority of the work implemented. This is reflected in the revised assurance opinion.

Failure to fully implement and embed the three 'Red' audit actions nearly two years after issue of the audit report clearly presents risk to the Council, however this risk is mitigated by the work undertaken to date.

The revised due date for the implementation of the third outstanding audit action (which has been extended to March 2024) is considered to be reasonable as it is dependent on recruitment of the Fleet Manager, who is unlikely to be in post before the end of the summer 2023.

2. Data to Support our Opinion:

The table below highlights progress against agreed actions in the original audit report. Where previously agreed actions have been implemented, or work is in progress which has reduced the likelihood or impact of a risk, we have reflected this in the revised risk rating.

Current Status of Agreed Actions in Original Audit Report (as detailed in Section 3):

Priority & Total of Agreed Actions (April 2021)		Implemented	In Progress (1)	Not Implemented (2)	No Longer Valid	Not due for Implementation (3)
High / Red	3	-	3	-	-	-
Medium / Amber	-	-	-	-	-	-
Low / Green	-	-	-	-	-	-

Revised Priority of Original Agreed Actions not yet Fully Implemented (as detailed in Section 3):

Revised priority recognises progress in the implementation of the agreed actions at (1), (2) and (3) above.

Revised Priority due to Progress (May 2023) (1+2+3)	
High / Red	0
Medium / Amber	1
Low / Green	2

3. Findings: Assessment of Whether Risk is Managed & Agreed Actions embedded:

Each agreed action followed up has been categorised in line with the following definitions:

Priority	Description
High (R)	Action is imperative to ensure that the objectives of the area under review are met.
Medium (A)	Requires action to avoid exposure to significant risks in achieving the objectives of the area.
Low (G)	Action encouraged to enhance control or improve operational efficiency.
N/A	No further action required.

Status	Description
Implemented	The agreed action has been fully implemented and is embedded.
In Progress	The agreed action has been partly though not yet fully implemented / agreed action is not embedded.
Not Implemented	The agreed action has not been implemented.
No Longer Valid	Risk has been avoided; accepted or transferred
Not Due for Implementation	The agreed date for implementing the agreed action has not yet been reached.

Original Priority, Risk & Agreed Action in Audit Report (April 2021)			Current Assessment of Residual Risk & Status of Agreed Action (May 2023)		
No.	Risk / Issue	Agreed Action & Due Date	Follow Up Assessment of whether risk is addressed & actions embedded	Revised Priority	Status / Revised Due Date
1. (R)	<p>The supply, management and maintenance of all motor vehicles and trailers is completed by Go Plant, the Council's external partner. The Council, however, has overall responsibility for ensuring compliance with the terms and conditions of the O Licence.</p> <p>Testing identified that oversight management information reporting is not produced and the data</p>	<p>a. Controls and compliance monitoring arrangements to be reviewed in relation to servicing and maintenance records to ensure accurate and timely data to highlight non-compliance and areas for action.</p> <p>b. Roles and responsibilities to be reviewed, process to be streamlined and vehicle</p>	<p>The original audit finding identified a lack of summary reporting from Go Plant resulting in inadequate operational oversight of vehicle servicing. Data provided by Go Plant was also found to be incomplete and inaccurate.</p> <p>In February 2022 the Fleet Manager developed a Service Schedule Process in conjunction with Go Plant. The process includes periodic compliance checking by the S&T Compliance team.</p>	(G)	<p>In Progress:</p> <p>Process documentation to be updated to reflect the mechanism for feeding back the outcome of servicing and maintenance compliance audits to Go Plant.</p> <p>The risk priority has reduced due to the</p>

Original Priority, Risk & Agreed Action in Audit Report (April 2021)			Current Assessment of Residual Risk & Status of Agreed Action (May 2023)		
No.	Risk / Issue	Agreed Action & Due Date	Follow Up Assessment of whether risk is addressed & actions embedded	Revised Priority	Status / Revised Due Date
	<p>provided is not complete or analysed.</p> <p>Having ineffective controls and ineffective compliance monitoring arrangements puts the Council at risk of loss, suspension or restriction of its O Licence by the Traffic Commissioner, impacting the ability to deliver statutory duties such as waste collection, road maintenance, etc.</p>	<p>maintenance summary reporting to be developed to provide management assurance over the servicing and maintenance status for the fleet.</p> <p>Responsible Officer: Barry Wilkinson (Highway Network Manager)</p> <p>URN 03147</p>	<p>The new Service Schedule Process was reviewed by Internal Audit and was considered to address the agreed action, as such the action was closed as 'Implemented' on 07.02.22.</p> <p>In closing the audit action, it was made clear to the service that the new process needed to be fully embedded to mitigate the risk of non-compliance with the terms of the O Licence.</p> <p>To understand if the new processes as described are embedded and working as intended, we sought assurance from the S&T Compliance Team, who have provided evidence to support the compliance audits they have undertaken.</p> <p>Whilst the evidence provided confirms processes have been implemented and embedded, the Compliance and Training Manager has indicated the mechanism for feeding back the outcomes of these compliance audits to Go Plant has only recently been agreed (April 2023) and as such the process documentation still needs to be updated.</p> <p>As such this audit action has been reclassified from 'Implemented' to 'In Progress'.</p>		<p>progress made in the implementation of the agreed actions. Once the feedback process has been documented and embedded this action will be fully implemented.</p>
2. (R)	<p>Management relies on data to demonstrate compliance with tachograph conditions is in line with O Licence requirements. Testing</p>	<p>a. A review of the current process in relation to tachograph compliance to be conducted and timescales to</p>	<p>The original audit finding identified that whilst management information is in place around tachograph compliance, it is not consistency produced or analysed</p>	(G)	<p>In Progress:</p> <p>Final amendments to be made to process documentation to</p>

Original Priority, Risk & Agreed Action in Audit Report (April 2021)			Current Assessment of Residual Risk & Status of Agreed Action (May 2023)		
No.	Risk / Issue	Agreed Action & Due Date	Follow Up Assessment of whether risk is addressed & actions embedded	Revised Priority	Status / Revised Due Date
	<p>identified that whilst management information reporting is available, the reporting is not consistently produced or analysed and timely action is not taken to identify and address areas of non-compliance.</p> <p>Management practices and reporting in place to ensure compliance with the conditions of the O Licence around tachographs are not adequate, fail to address all risks and are not consistently embedded across all transport operations, increasing the risk of loss, suspension or restriction of the O Licence by the Traffic Commissioner.</p>	<p>be agreed to deal with non-compliance. Processes to be mapped and responsibilities to be shared to ensure reliance on individuals is removed.</p> <p>b. Repeat offender reporting to be devised in order to identify and manage underperformance, with compliance checks to be undertaken regularly alongside professional competency checks.</p> <p>c. Roles and responsibilities to be reviewed, process to be streamlined and automated leading to timely resolution of non-compliance issues, with escalation of any delays in response.</p> <p>Responsible Officer: Barry Wilkinson (Highway Network Manager) URN 03118</p>	<p>and timely action is not taken to identify and address areas of non-compliance.</p> <p>In February 2022 the Fleet Manager revised the Tachograph Process to address issues identified in the 2021 audit report. The process includes periodic compliance checking by the S&T Compliance team.</p> <p>The process, if embedded, addresses all agreed actions. As part of the follow up review the S&T Compliance Team have provided evidence which confirms repeat offender reporting (2b) is now in place.</p> <p>The S&T Compliance and Training Manager has however indicated that a process has only recently been agreed (April 2023) for S&T Compliance Team spot checks on the processes for ensuring appropriate management of tacho download frequency, missing driver downloads and missing mileage ('Tachograph Process' points 6,7,8 & 9). Process documentation now needs to be updated and agreed spot checks embedded.</p>		<p>reflect compliance 'spot checks'. These checks will then need to be embedded.</p> <p>The risk priority has reduced due to the progress made in the implementation of the agreed action. Once the spot check process has been documented and embedded this action will be fully implemented.</p>
3. (R)	<p>Documented policies and procedures are not available to ensure continuity of service in the absence of key individuals. A number of processes to oversee the compliance with tachograph rules</p>	<p>a. A documented set of procedures to be drafted to document the end-to-end process which demonstrates compliance with O Licence requirements. This should</p>	<p>The original audit finding identified lack of documented policies and procedures to ensure continuity of service in the absence of key individuals.</p> <p>In February 2022 the service provided a list of Fleet Task Duties allocating</p>	(A)	<p>In Progress:</p> <p>As a result of resource issues within the service, actions to ensure continuity of service</p>

Original Priority, Risk & Agreed Action in Audit Report (April 2021)			Current Assessment of Residual Risk & Status of Agreed Action (May 2023)		
No.	Risk / Issue	Agreed Action & Due Date	Follow Up Assessment of whether risk is addressed & actions embedded	Revised Priority	Status / Revised Due Date
	<p>rely on key individuals manually reviewing data, assessing whether non-compliance has been dealt with by the operations managers and generating reports.</p> <p>Failure to identify and mitigate risks associated with single person dependencies and a lack of service resilience may lead to non-compliance issues not being highlighted or actioned in a timely manner and failing to meet O Licence requirements.</p>	<p>also set out roles and responsibilities, timescales for completion of the various processes and will ensure the process is embedded across all transport operations. Through the assignment of roles and responsibilities this will assist with the identification of single person dependencies and support service resilience.</p> <p>b. Compliance checks to be regularly conducted to ensure that the processes are being delivered correctly and in a timely manner.</p> <p>c. Training to be provided to additional staff in critical roles to ensure business continuity in the event the individual responsible is not available.</p> <p>Responsible Officer: Barry Wilkinson (Highway Network Manager)</p> <p>URN 03119</p>	<p>individuals and reporting lines for key tasks.</p> <p>Reference was also made to a suite of process documentation for the Fleet function which was in the process of being reviewed by the Fleet Manager.</p> <p>The full set of process documentation has however not been provided, and no evidence has been submitted around training delivered to ensure business continuity in critical roles. Whilst evidence has been provided around compliance audits of fleet servicing and tachograph process, without a full set of process documentation it is unclear if further compliance audits are required or are undertaken.</p> <p>As there is currently no Fleet Manager in place within S&T it is unclear if the agreed actions have been fully addressed. The Highway Network Manager has acknowledged that whilst they are endeavouring to ensure service continuity, the Fleet Manager vacancy has left the service 'under resourced and disrupted'.</p>		<p>in the absence of key individual and avoid single person dependency have not been fully developed or embedded.</p> <p>The service has revised the due date for this agreed action from 31.07.21 to 31.03.24.</p> <p>The risk priority has reduced from Red to Amber in recognition of the work undertaken to date as evidenced by the Fleet Task Duties document and the progress identified in Findings 1 & 2 above.</p>

4. Distribution List:

Name	Title
Katie Wilby	Accountable Officer for the Implementation of Agreed Actions
Barry Wilkinson	Highway Network Manager
Ruth Tulley	Regulatory Services Manager
Gemma Boniface	Compliance & Training Manager

Appendix A – Audit Opinion:

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Some** or **Limited** assurance audits will be reported to the Audit Committee.

Assurance	Explanation
Green - Substantial	<p>Substantial progress in implementing agreed actions / Strong controls in place (all or most of the following)</p> <ul style="list-style-type: none"> • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable <p>Conclusion: substantial progress; key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</p>
Amber Green – Reasonable	<p>Reasonable progress in implementing agreed actions / Key Controls in place but some fine tuning required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments <p>Conclusion: reasonable progress; key controls generally operating effectively.</p>
Amber Red – Some	<p>Some progress in implementing agreed actions / Significant improvement in control environment required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. <p>Conclusion: some progress; key controls are generally inadequate or ineffective.</p>
Red – Limited	<p>Limited progress in implementing agreed actions / Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Conclusion: limited progress; a lack of adequate or effective controls.</p>