



Tranman Supplies and Stores

North Yorkshire Fire and Rescue Service

Internal Audit Report 2019/20

Business Unit: Technical Services
Responsible Officer: Chief Finance Officer
Service Manager: Head of Estates, Transport and Logistics
Date Issued: 5 March 2020
Status: Final
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	P1	P2	P3
Actions	0	4	2
Overall Audit Opinion	Limited Assurance		

Summary and Overall Conclusions

Introduction

In April 2019 the North Yorkshire Fire and Rescue service started using the Tranman system. Tranman allows the service to manage the service's fleet and also the ordering, receipting and issuing of stock and supplies through its in-built stock module. Tranman replaced the Fleetplan system which had previously been used to manage the service's fleet and stock and supplies.

The transition from Fleetplan to Tranman coincided with the move to a new purpose built site sharing the stores and supplies facilities with North Yorkshire Police. Managing stores and supplies through Tranman intended to address previously identified weaknesses in control at the store room based in Crosby Road, Northallerton.

The transition experienced some issues due to key officers involved leaving the service. In the summer of 2019 the Logistics Manager left the services and a new Logistics Manager began working in November 2019.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensured that:

- The transition from Fleetplan to Tranman has been completed accurately.
- Records on Tranman are maintained accurately and efficiently.
- Reconciliations between Tranman and other systems within the service are completed on a regular basis

Due to the transition between Fleetplan and Tranman happened shortly before the audit was performed we did not test individual orders processed. Our testing consisted of discussions with officers operating Tranman and walkthrough testing to review the implementation and current working practices officers use while operating Tranman.

Key Findings

Appropriate controls are in place to enable transport orders are being processed efficiently using Tranman. The process for processing transport orders is mainly operated by the Transport Supervisor with the Logistics Officer goods receipting these orders. Each vehicle has their own log of orders and 'jobs' performed on the vehicle. This is retained until the vehicle is no longer an asset of the service. Tranman is also used for fleet management by the Police service and informal knowledge sharing has taken place in how to operate Tranman effectively.

The absence of a Logistics Manager and not having full availability of staff has resulted in temporary working practices being adopted by officers using Tranman. The temporary working practices involved a number of workarounds in attempt to resolves issues identified during the implementation. We identified a number of issues that have impacted on the accuracy and efficiency of how Tranman is operating.

Stock ordering and management is not performed using information provided by and functionality within Tranman. Functionality is available within Tranman to have minimum, maximum and safety levels of stock for each item. However this functionality is currently not being used.

There is insufficient separation of duties in the process of ordering stock. Therefore there is a lack of appropriate oversight of ordering stock. This may result in incorrect and unauthorised stock could be ordered and paid for.

Stock adjustments are not subject to review or authorisation. There is a lack of separation of duties as the Logistics Officer is sometimes involved in the stock checks and also performs stock adjustments. There is also no record of stock adjustments made in Tranman so the systems and processes currently used cannot provide assurance Tranman stock records are accurately maintained. All stock adjustments should be recorded and authorised as a result of independently performed stock checks. This would allow for an accurate record of stock maintained in Tranman.

During the implementation of Tranman no formal training was provided to members of staff. This has resulted in members of staff not using Tranman efficiently and records are not maintained accurately. Training should be provided to members of staff who frequently operate Tranman to ensure records are maintained accurately. Training will also allow for members of staff who use Tranman to use the system efficiently and maximise the systems functionality.

When issue logs are closed all orders allocated to the issue log are deleted. Therefore Tranman may not hold an accurate record of stock. There should be appropriate controls in place to ensure that orders are allocated to the appropriate issue log. Issue logs also should be able to be closed without an impact on the accuracy of the records of stock in Tranman.

Member of staff details are collected an input manually in to Tranman by the Logistics Officer. This may result in details being recorded incorrectly into Tranman. Using information directly obtained during the new starter's process will help ensure details are recorded accurately and efficiently into Tranman. This will also prevent the Logistics Officer obtaining and having access to details that are not required.

Overall Conclusions

The arrangements for managing risk were poor with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided Limited Assurance.

1 Stock ordering and management

Issue/Control Weakness

Stock ordering and management is not performed proactively using information provided by and functionality available within Tranman.

Risk

Delays to staff receiving required stock.

Findings

Functionality is available within Tranman to have minimum, maximum and safety levels of stock set for each item. However this functionality is currently not being used. All stock and supplies are manually ordered by the Logistics Officer. No other members of staff are involved in deciding the stock and supplies to be ordered.

The decision to order stock is often made when order requests are received. Consequently as stock is not always held to a sufficient level it is required to be externally ordered before it can be issued to, and used by, the member of staff who requested the stock. This approach leads to delays in the stock being available for use by the service.

Identifying and applying these levels for each line of stock would allow the Logistics Officer to order efficiently and proactively. Staff would also receive requested items in a timely manner.

Agreed Action 1.1

1. Agree min/max stock levels with budget holders for operational equipment – complete by 31 March 2020
2. Consider whether Tranman is suitable for the purpose of Logistics and if not propose alternative - to complete proposals by 31 May 2020
3. Introduce interim stock management records (via Excel or database) – to be complete as part of annual stock check by 31 March 2020

Priority

2

Responsible Officer

Head of Estates,
Transport and
Logistics

Timescale

31 May 2020

2 Process for ordering stock

Issue/Control Weakness

There is insufficient separation of duties in the process of ordering stock.

Risk

Lack of appropriate oversight of ordering stock. Errors or potentially fraudulent orders may not be identified.

Findings

A request can only be processed once an authorised E-Stores1 form is received by the Logistics Officer. Once an E-stores1 form is received, the Logistics Officer will issue the items to the member of staff or order the items requested. The Logistics Officer performs the following steps when ordering stock:

- Reviews stock levels for items held in Tranman and selects the items to re-purchase
- Selects the supplier and the quantity of stock to be held within the stock room.
- Creates the Purchase Order number and requests the approval of the budget holder prior to placing the order
- Purchases the stock
- Completes the goods receipting slip for deliveries made to the T&L Hub. Due to the volume of orders this step is not always able to be performed accurately as the Logistics Officer does not see all deliveries.
- Authorises invoices for payments that are received at the T&L Hub.

No other member of staff is involved in the decision so there is a lack of separation of duties in the ordering process of stock. There should be a separation in duties between the members of staff that purchases stock, goods receipts deliveries and authorises the invoice for payment.

Agreed Action 2.1

There have been insufficient numbers of staff within the section to effectively segregate duties in this way. Normal procedure would require the separation of duties in the following way:

- Receipt of orders from users and selecting stock or identifying third party order requirements – Supplies Assistant
- Ordering of stock – Supplies Officer (shared role with NYP)
- Authorising orders – Budget holder/Logistics Manager
- Receipting goods – Supplies Assistant or receiving department

Priority

2

Responsible Officer

Head of Enable,
Transport and
Logistics

Timescale

31 May 2020

The usual working arrangements should be in place by 1st April 2020. A review of these arrangements will then need to be completed which takes into account any decisions about the use of Tranman in the future.

3 Stock checks and adjustments

Issue/Control Weakness

Stock adjustments are not subject to review or authorisation. There is a lack of separation of duties as the Logistics Officer is sometimes involved in the stock checks and also performs stock adjustments. There is no record of stock adjustments made in Tranman.

Risk

Tranman does not hold an accurate record of stock issued. Potentially fraudulent alterations may be made.

Findings

Stock checks are performed on a monthly basis. Reports are produced from Tranman and a sample of items from the report are compared to stock held in the stock room. Stock adjustments are made as a result of any discrepancies found from those stock checks.

Stock checks are sometimes undertaken by the Logistics Officer. It is the Logistics Officer who is also able to make stock adjustments to live data within Tranman that are not recorded automatically by the system or manually. Stock adjustments are not subject to review or authorisation. In those occasions where checks and adjustments are both made by the Logistics Officer then there is a lack of separation of duties.

All stock adjustments should be recorded and authorised as a result of independently performed stock checks. This would allow for an accurate record of stock maintained in Tranman.

Agreed Action 3.1

A new process for this will be developed in conjunction with audit requirements and in consultation with Finance to ensure a read across to budgets and ledger.

Segregation of duties are again a current issue in this respect, in that the lack of staff have meant that it is often the same person carrying out the stock check and the adjustment.

The future position which will be effective from 1st April will be that the stock checks made by supplies assistants will then be independently reviewed by the Logistics Officer.

Priority

2

Responsible Officer

Head of Estates,
Transport and
Logistics

Timescale

31 May 2020

4 Training to operate Tranman

Issue/Control Weakness

During the implementation of Tranman no formal training was provided to members of staff.

Risk

Members of staff do not use Tranman efficiently and records are not maintained accurately.

Findings

Tranman was introduced as the fleet and stock management system in summer 2019. During the implementation of Tranman no formal training was provided to members of staff who operate Tranman for management of fleet and supplies. Training to staff operating Tranman was delivered informally by the previous Logistics Manager conveying guidance received from the providers of Tranman.

Officers explained issues with the current functionality of Tranman when recording orders. For example, the current set up of supplies issue logs for officers and stations in Tranman result in all orders on the supplies issue log being deleted when they are closed. Therefore not all orders remain in Tranman and these records are incomplete. Tranman is also not being used to proactively manage stock. A number of workarounds have been implemented into working practices, but no permanent resolution has been identified. It is felt a lack of training on the system has contributed to processes which do not maximise the systems functionality and which could be more efficient.

Agreed Action 4.1

The lack of training was linked to staff changes at the time. A previous round of formal training had been provided to a different cadre of staff. There appear to be a number of significant issues with the way Tranman is set up for Logistics and this may lead to a wholesale replacement of the system with a more suitable system. In the meantime, the introduction of local records and a full check of stock will be undertaken by 31st March 2020.

Priority

2

Responsible Officer

Head of Estates,
Transport and
Logistics

Timescale

31 May 2020

5 Order Issue logs

Issue/Control Weakness

If supplies issue logs are closed all orders allocated to the supplies issue log are subsequently deleted.

Risk

Tranman does not have an accurate record of stock.

Findings

All supplies orders are recorded on a supplies issue log allocated to either the individual job role or station. The Logistics Officer is able to issue stock to an individual job role (number per job) or Station. A member of staff may hold multiple job roles so may have a number of supplies issue logs allocated to them. To help ensure the correct supplies issue log is allocated when an order is processed, it is recorded on the e-stores1 form used to request orders.

When a member of staff changes roles or leaves the service, the supplies issue log should be closed to prevent orders being allocated incorrectly. However when a supplies issue log is closed all the previous orders are also deleted. The stock levels then return to the level prior to the orders being made. As a result, Tranman will not hold the correct stock levels. To work-around this issue, the Logistics Officer makes a stock adjustment when issue logs have been closed. However stock adjustments are not recorded by Tranman.

Agreed Action 5.1

This is an issue either with the way Tranman was set up, in which case it will require the system developers to improve or change this, or in the way records are set up through lack of training/understanding of the system.

These issues have been identified and assurances already provided to the Head of Estates Transport and Logistics that local monitoring is in place, however, a full and urgent review of this area is needed to ensure Tranman can be changed to stop this occurring.

Given the need to involve the product team, the action will be commenced in March 2020, but it is not yet possible to estimate an end date with any degree of accuracy.

Priority

3

Responsible Officer

Head of Estates,
Transport and
Logistics

Timescale

31 May 2020

6 Inputting staff details into Tranman

Issue/Control Weakness

Staff details are collected and input manually in to Tranman by the Logistics Officer.

Risk

Staff details are recorded incorrectly into Tranman.

Findings

Every position held by a member of staff is required to have an 'issue log' recorded on Tranman. This is to ensure that members of staff receive items relevant to their role. If an individual has more than one role at the service, they may hold multiple issue logs in Tranman.

An order can only be processed once an authorised E-Stores1 form is received by the Logistics Officer. The Logistics Officer cross references all existing unique officer or position record number with the existing records in Tranman. If they do not exist then a new unique officer or position record number is created with the relevant details of the new member of staff.

The process for collecting and inputting these details into Tranman is not part of the process for updating new starters (where the same relevant information is collected). It is a separate and manual process taking information is obtained from E-Stores1 forms. The Logistics Officer also has to contact the relevant to ensure the E-Stores1 form is sent from a correct and legitimate member of staff. Manually collecting and inputting the information increases the likelihood of inputting incorrect information.

Using information directly obtained during the starter's process for employees will help ensure details for members of staff are recorded accurately into Tranman. This will also prevent the Logistics Officer from accessing details of members of staff that are not required.

Agreed Action 6.1

As part of the system development, a process for extracting data from trusted source systems is needed. The Service's Firewatch system should be the source of information and updates regarding staff changes.

Ideally, interfacing between the systems, or between a Firewatch fed database would be the best option as this would remove the need for regular manual input in favour of automated updates.

Priority

3

Responsible Officer

Head of Estates,
Transport and
Logistics

Timescale

31 May 2020

As before, this will require developer input and therefore actions can commence immediately but it is difficult to be accurate about an end date for any system changes until the third-party system developer can provide more input.

All actions will be linked to the overall review of Tranman as an effective system (or not) for Logistics Management.

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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