



THE POLICE, FIRE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE AND THE CHIEF CONSTABLE OF NORTH YORKSHIRE

Fleet Management

Final Internal audit report 6.22/23

23 January 2023

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1. EXECUTIVE SUMMARY

Why we completed this audit

RSM was commissioned to review the Police, Fire and Crime Commissioner for North Yorkshire (OPFCC) and the Chief Constable of North Yorkshire's fleet management arrangements due to a number of issues identified within the fleet capital budget arrangements. The review focused on four key areas:

1. Accounting treatment of fleet assets including approval of expenditure in accordance with the Devolved Resource Manual.
2. Disposal of vehicles in accordance with the fleet management strategy and Devolved Resource Manual.
3. Vehicle maintenance is managed to ensure transparency of decision-making and the achievement of best value for money.
4. Capital expenditure is approved before expenditure is incurred and orders / receipted vehicles reconcile to the approved capital business case.

In November 2022, the Chief Finance Officer (CFO) of the Chief Constable reported a number of issues with the fleet replacement programme to the Executive Board. The history of which is as follows:

- The 2022/23 fleet budget approved in February 2022 was initially nil due to concern from both the NYP Finance Team and the OPFCC's CFO that a robust replacement plan was not in place and that further assurance was required that vehicles could or would physically be delivered during 2022/23 before recommending the OPFCC provide budget funding. The physical delivery date is the determinant of which financial year the actual costs are accounted for, irrespective of order date.
- There was concern within NYP that delayed delivery timescales may have masked the fact that necessary vehicles due to be replaced have not been adequately or promptly identified with a coherent replacement policy and put forward for funding support over the life of the approved Medium Term Financial Plan and Capital Programme.
- Although the approved fleet replacement 2022/23 budget was initially nil, the OPFCC's CFO recognised that there were orders placed for some vehicles in 2021/22 which would be delivered in 2022/23. The estimated value of these vehicles was £695,000 and therefore the 2022/23 capital budget was increased to £695,000 to fund these.
- An additional 2022/23 budget allocation of £765,000 was approved by the OPFCC's CFO in July 2022, following agreement of a specific list of further new vehicles to be ordered in 2022/23 which had confidence of delivery prior to 31 March 2023. This gave a combined fleet replacement budget of £1.4 million.
- However, an overspend of £1.4 million against this budget was forecast.
- A number of significant issues came to light in October / November 2022 which challenge the robustness of current expenditure monitoring information and forecasting relating to fleet:
 - Concerns that vehicles delivered in March and April 2022 may have been receipted in the wrong financial year (therefore affecting 2021/22 year end accounts which were in the process of being audited).

- Vehicles ordered in 2022/23 against the additional £765,000 budget allocation may have been different models, or different specifications, crystallising in a request for further funding in October 2022 to allow the ordering of the full list of these vehicles.
- An urgent request in October 2022 to approve funding to allow the placing of an order for 63 cell vans within a matter of days, as a high proportion of cell vans had exceeded typical replacement mileage and incurred high maintenance costs (delivery was expected to take 12 months). The urgency factor order window had already closed by the time this had been escalated.
- The ordering of replacements for the N57 affected BMW vehicles without requesting an approved budget. The BMWs were immediately withdrawn from service on safety grounds following national guidance in December 2021. An instruction to order the vehicles to replace the N57 BMWs was given by the previous Assistant Chief Constable (ACC) and previous Managing Director (MD) of EnableNY to the Fleet and Logistics Team in January 2022, following review at a Fleet Gold Group meeting, which did not have delegated authority to approve unfunded expenditure. A request for an increase into the fleet budget to reflect the urgent circumstances was not brought forward from the Fleet Gold Group. Over 30 vehicles were ordered, with separate purchase orders for each vehicle, which meant their aggregated expenditure was not captured and reported.

It was reported to the Executive Board that RSM would complete a review of fleet management arrangements given the issues identified above.

Conclusion

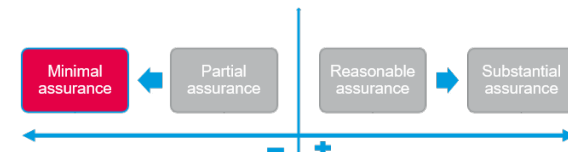
As a result of our review, we have agreed **eight high, eight medium** and **three low** priority management actions for immediate action by the Force. Our review has identified significant control weaknesses in the fleet capital management processes resulting in the mismanagement of the fleet capital budget, which will require immediate action from management. Weaknesses identified included a lack of a fleet management strategy or approved fleet management plan, failure to process approved orders for vehicles in 2022/23 and missing goods received notes and delivery information to support vehicle deliveries.

To note, we have been unable to undertake any data analysis as part of the review due to the unavailability of the required reports to do this. We have therefore undertaken sample testing, where applicable.

Internal audit opinion:

Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable of North Yorkshire can take **minimal assurance** that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified area.



Key findings

Our audit identified the following exceptions resulting in eight high priority actions being agreed (the details of the additional eight medium and three low priority actions are in section 2 below):



Fleet Management Strategy

The Force does not have an approved fleet management strategy or fleet management plan in place. A draft strategy and five-year fleet finance plan has been developed and will require approval ahead of budget allocation for the 2023/24 capital plan.

Where an approved fleet management strategy and fleet five-year plan is not in place to support vehicle ordering, there is a risk that the Force is replacing vehicles without an approved strategy in place, which could lead to inappropriate vehicles being purchased or the ineffective management of the Force's fleet, impacting value for money and potentially reputation risk. **(High)**



Devolved Resource Manual (DRM)

We previously agreed a medium priority management action as part of the RSM CIPFA (Chartered Institute of Public Finance and Authority): Code of Practice review completed in 2021/22 for the financial governance documents, including the DRM, to be reviewed and updated. However, at the time of this review, the DRM was still largely outdated, having been last formally updated in 2016 and does not reflect Enable. Given the findings of this review, we have re-agreed this action as a high priority management action.

Where overarching financial governance documents are largely outdated, there is a risk that incorrect procedures are followed, which could lead to poor financial management and may have value for money implications. **(High)**



List of vehicle assets

The Fleet and Logistics Manager has worked with the Head of ICT to develop a five-year fleet finance plan which will support future capital budget requests. The plan uses the list of vehicles recorded on the Tranman system to inform fleet management decisions; however, there has been no physical verification of the list of assets within Tranman. Given the findings of this review, we cannot provide assurance that this list is up to date to reflect current assets. It is further recommended that the Tranman system is reconciled against the fleet capital ledger to confirm that all anticipated costs are captured to support future budget monitoring.

Where a full physical verification exercise has not been completed to ensure the Tranman system list is accurate and reflects actual fleet vehicles, there is a risk, particularly given the recent changes in management and issues identified within this report, that fleet planning is based on outdated data which does not reflect the Force's current fleet. In addition, the Force may not identify any missing vehicles, should any discrepancies exist. This could have a range of implications, including the insurance of Force vehicles. **(High)**



Vehicle ordering

The CFO (OPFCC) granted funding in the 2022/23 for the purchase of 45 vehicles. We met with the Fleet and Logistics Manager to confirm these vehicles had been ordered and to the approved specification and noted that no vehicle orders had been placed as agreed for 2022/23 due to a lack of fleet capital budget (see budget breakdown under control 4).

For a sample of 20 vehicles, we looked to confirm whether the order was placed in line with an approved replacement plan or business case. For orders placed in 2020 and receipted in 2021 (totalling four vehicles), we were unable to obtain evidence of an approved replacement plan to confirm the appropriate ordering of these vehicles. For 13 vehicle orders placed in 2021/22, we were provided with a plan and in two cases found no reference to the vehicle within it, in 10 cases identified the replacement vehicle; however, for five of these vehicles, a different model and specification was ordered. In the final case, the vehicle was listed in a 'slippage' tab within the plan. For 2022/23, three orders were reviewed, two of which were a result of the BMW N57 issue, and the final was a Crime Scene Unit (CSU) vehicle which will be allocated to the CSU budget. We further noted that the Procurement Team require all orders over £10,000 to be placed on a procurement request form and a request has been made for orders to be placed in bulk, which causes difficulties in tracking receipted vehicle orders. We have suggested a full review of the ordering process.

Where a clear fleet management plan is not in place to support vehicle orders, there is a risk that orders raised are not in line with an approved strategy and in line with approved budget, which could lead to inappropriate vehicles being purchased, budget overspends and have value for money implications. **(High)**



Goods received notes

From our testing of a sample of 20 vehicle orders, we identified that the Fleet and Logistics Team is not retaining supporting goods received notes or delivery notes for each vehicle or attaching these to the iProc system. An order is receipted on the iProc system by the Fleet and Logistics Team and processed by the Purchase to Pay (P2P) Team; however, this does not include a check of goods received notes. Where goods received notes or delivery notes are not retained on the iProc system and matched to invoices, there is a risk that the correct order has not been received and invoices may be paid without the vehicle being received by the Force. **(High)**



Goods receipting

The Accountant undertook some analysis on the cell vans receipted in the incorrect period. This analysis identified that 10 vehicles were receipted in 2021/22; however, they were not delivered until April 2022 and therefore accounted for in the wrong financial period. The total cost of these vehicles was c£145k. The Accountant found an email trail from the supplier which confirmed the delivery dates of the vehicles and therefore verified these were processed within the wrong financial year.

We further noted through our testing that the Tranman system is not kept updated with full vehicle information, including vehicle delivery date or purchase date, meaning it is not always possible to validate dates on the iProc system against fleet management data. In addition, we noted a significant control weakness whereby there is no clear segregation of duties between receipting a vehicle and adding it to the Tranman system, meaning a vehicle could be receipted and paid for without being added to the Tranman system.

Where there is no clear segregation of duties between receipting on iProc and on the Tranman system, there is a risk that vehicles could be receipted and paid for, but never received by the Force. There is a further risk that vehicles are accounted for in the incorrect period and may not be identified where vehicle data is not fully updated. **(High)**



Tranman system – repairs, maintenance, and equipment costs

The Fleet and Logistics Team use the Tranman system to raise jobs for servicing and maintenance and process orders for materials or equipment for fleet. The Tranman system sits outside of the Force ordering system, iProc, and therefore oversight of this system is limited. It is therefore not clear whether the Force is achieving value for money in respect of repairs, maintenance, and equipment costs. The Fleet and Logistics Team produce 'file transfer' reports which details the invoices to be paid from the iProc system which are provided to the P2P Team for processing.

The highest repair and maintenance costs attributed to one vehicle on the Tranman system totals £38,614 and the estimated new cost of this vehicle is £21,000. We reviewed a sample of 10 vehicles with high repairs and maintenance costs and selected one high-cost job raised against each vehicle. However, the Fleet and Logistics Team was unable to find an audit trail of approvers within the system to confirm the job was raised and authorised appropriately, which has limited our testing. We therefore cannot provide assurance on the Tranman system set up, and suggest a full review is undertaken of the system's ordering function.

Where orders are raised for fleet repairs and maintenance costs through the Tranman system only, there is a risk that ongoing monitoring is not completed by the Finance or Procurement Teams to ensure that costs remain within budget or that the Force is achieving value for money. **(High)**



BMW N57

There was no approved business case in place to support the ordering of BMW vehicles due to the national issue with the BMW N57 model. At the time, a Gold Group was set up to address the issues with the BMW vehicles and approval was given at this Group for the ordering of multiple replacement BMW vehicles. The urgency of this was due to the lead times for each vehicle and the national recall of the vehicles. However, the request for additional budget was not issued to the CFOs for authorisation and therefore the expenditure of c£1.36 million was unfunded.

Where additional orders are not supported by an approved business case, which is reviewed by both the CFOs, there is a risk that the Force is committed to expenditure without an approved budget in place, which could mean funding is not available or reserve funds must be used. **(High)**

For details of the **medium** and **low** priority management actions, see section two of this report.

2. DETAILED FINDINGS AND ACTIONS

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 internal audit testing undertaken.

Area: Fleet Management		
Control 1	<p>Missing control</p> <p>There is currently no approved fleet management strategy or an approved fleet capital plan in place.</p> <p>The Fleet and Logistics Team has developed a proposal for a fleet five-year finance plan which is still in draft format. The team is in the process of developing its fleet management strategy, which will align to the fleet five-year finance plan.</p>	<p>Assessment:</p> <p>Design ×</p> <p>Compliance -</p>
Findings / Implications	<p>There is no approved fleet management strategy in place, although the Head of ICT informed us that the strategy was under development. We received a draft copy of the strategy at the end of the audit. The draft strategy includes the following sections:</p> <ul style="list-style-type: none"> • The fleet governance structure; • The procurement approach; • Demand management; • Maintenance approach; • Vehicle replacement; and • The future fleet. <p>The Fleet and Logistics Manager showed us the draft fleet five-year finance plan, which has been developed this year by the Fleet and Logistics Team to support future capital expenditure requests. The plan outlines the total number of vehicles required, the total estimated acquisition, conversion and other equipment costs for each year. The plan has been developed by reviewing current fleet, liaising with individual departments and stations to determine fleet requirements, and by setting expected parameters to support vehicle replacement planning. The Fleet and Logistics Manager further outlined that previous ordering had been completed by replacing vehicles with like-for-like replacements, rather than considering the appropriateness of each vehicle type for the department or station. This year, the Fleet and Logistics Team has met with individual stations and departments to understand vehicle specification requirements to inform fleet planning decisions.</p> <p>It is the intention that the five-year fleet plan will be presented to the CFOs for approval and to support budget requests for 2023 / 2024. The plan was developed in advance of the draft fleet management strategy, but due to time constraints, the priority has been to develop a clear plan for 2023 / 2024.</p>	

Area: Fleet Management

We asked the Fleet and Logistics Manager whether a previous fleet management plan or strategy was in place to support fleet management purchasing arrangements in 2021/22 or 2022/23; however, we understand there was no clear plan in place under previous management. The current Accountant managing fleet capital provided us with a planning document on file for the 2021/22 fleet orders; however, the Accountant was not responsible for managing this budget in 21/22 so could not comment on the accuracy of the document. We reviewed the document and noted that for a five-year period, the number of vehicles requiring replacement had been outlined with 117 vehicle replacements anticipated for 2021/22 and 112 vehicle replacements expected for 2022/23. We were unable to reconcile these figures in the plan to the ledger or orders placed.

Due to lack of confidence in the fleet management planning arrangements, a capital budget of £nil was assigned to fleet for the start of the financial year 2022/23 (excluding approved slippage from the previous financial year).

The impact of a lack of fleet strategy was further highlighted through our sample testing of 20 fleet orders from 2021 to 2022, within which one order was for an electric cell van. We understand that the Force does not currently have the infrastructure in place to support electric vehicles, which suggests a lack of strategic thinking under previous management.

Where an approved fleet management strategy and fleet five-year plan is not in place to support vehicle ordering, there is a risk that the Force is replacing vehicles without an approved strategy in place, which could lead to inappropriate vehicles being purchased or the ineffective management of the Force's fleet.

Management Action 1		Responsible Owner:	Date:	Priority:
	<p>The Fleet and Logistics Team will finalise the draft Fleet Management Strategy and present the strategy to the Chief Officer Team (COT) for review and approval.</p> <p>The five-year fleet management plan will be aligned to the approved strategy and presented to COT and the Chief Finance Officers for review and approval for capital budget allocation in 2023 / 2024.</p> <p>Future years within the fleet management plan will be updated to reflect the approved budget allocation for 2023 / 2024.</p> <p>Both the strategy and fleet management plan will be reviewed on an annual basis to ensure that fleet management planning remains up to date.</p>	<p>Fleet and Logistics Manager Head of ICT</p>	<p>31 March 2023</p>	<p>High</p>

Area: Fleet Management

Control 2	Missing control There are no policies or procedures in place to support fleet management, which are aligned to the Devolved Resource Manual to ensure adequate processes are in place.	Assessment: Design × Compliance -
Findings / Implications	<p>We asked the Fleet and Logistics Manager and the Head of ICT whether policies or procedures are in place to govern fleet management arrangements and support an approved fleet management strategy. The Fleet and Logistics Manager and the Head of ICT were unaware of any policies or procedural documents in place and as a strategy is not currently in place, there are no formal procedural documents available to support the delivery of strategic objectives.</p> <p>The Head of ICT showed us a draft Fleet Management Policy during our closing call, which was subject to ratification and supported the objectives of the draft Fleet Management Strategy. In addition, we were informed process maps have been developed to support the draft Fleet Management Policy since the initial discussions. We obtained evidence of both documents following the closing call for the review, which remain 'draft' versions.</p> <p>Where approved policies or procedural documents do not exist or are not updated to reflect up to date processes, there is a risk that incorrect procedures will be followed, which could lead to poor management of fleet capital budgets.</p> <p>As identified in previous audits, the Devolved Resource Manual (DRM) is currently outdated and was last fully reviewed in June 2016. The DRM does not reflect the current Enable structure. We agreed a medium priority management action as part of the CIPFA Code of Governance review in November 2021 for the Force's financial governance documents, including the DRM, to be reviewed and updated to reflect current processes. However, this has not yet been completed. The agreed implementation date was set for October 2022.</p> <p>As our review has identified significant issues in the fleet capital arrangements, we have re-agreed the action in relation to the DRM as a high priority management action, as the previous management action has not yet been addressed and the overarching governance document to outline required procedures is not in date.</p> <p>We met with the Procurement Team to discuss the procurement processes within the DRM and noted that the processes for procurement are largely in date and reflect current practice. However, the DRM does not refer to the new procurement request form which is required to be completed to support orders over £10,000. The Procurement Team do not have any additional policies in place to support the DRM; however, do have a process map which outlines the required processes and information is available on The Source.</p> <p>Where overarching financial governance documents are largely outdated, there is a risk that incorrect procedures are followed, which could lead to poor financial management.</p>	
Management Action 2	The Fleet and Logistics Team will develop and finalise policies and procedures to ensure fleet management processes are formally documented. Consideration will be given to the findings of this review when developing policies and procedures.	Responsible Owner: Fleet and Logistics Manager Head of ICT Date: 31 March 2023 Priority: Medium

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Policies and procedures will be implemented to align with the approved fleet management strategy (per management action 1) and appropriately authorised.

Management Action 3	<i>(Re-agreed from CIPFA Code of Practice review - Management Action 2)</i> The Chief Finance Officer of the Chief Constable will allocate resource to ensure that the Force financial governance documents are reviewed and updated to reflect current governance arrangements within the Force.	Responsible Owner: Chief Finance Officer (Chief Constable)	Date: 31 July 2023	Priority: High
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Area: Fleet Management

Control 3	<p>The Force uses the Tranman system to record vehicle details, such as age, mileage, and repairs history. This system does not automatically update, and records are manually updated when vehicles are serviced or repaired.</p> <p>The Fleet Management Team has compiled a fleet five-year plan which uses set parameters based on vehicle type, age, mileage, and repair history to anticipate required replacement dates.</p> <p>Partially missing control - The Fleet and Logistics Team has not undertaken a physical verification exercise of the data within the Tranman system.</p>	Assessment: Design × Compliance -
Findings / Implications	<p>The Fleet and Logistics Team uses the Tranman system as the central register for the Force's fleet. The data from this system has been used to formulate the draft fleet five-year plan. Within the draft fleet five-year finance plan, each vehicle listed on the Tranman system has been recorded and assigned a 'class code'. The assigned class codes then outline replacement parameters based on:</p> <ul style="list-style-type: none">• Class description;• Fleet policy vehicle type;• Replacement criteria (months);• Replacement criteria (miles);• Vehicle cost;• Conversion cost;• Equipment cost; and• Risk priority by class code. <p>The details against each fleet vehicle are then compared against the assigned class code, using mileage rate, age, and maintenance costs to date versus new replacement costs. Each vehicle is then allocated a replacement year and expected financial year based on the consideration of class code against vehicle data to determine when each vehicle requires replacing. The Fleet and Logistics Team has worked through the list of vehicles to prioritise and profile vehicle replacements across the five-year period based on vehicle condition and Force needs.</p> <p>As identified above, the Force does not currently have an approved fleet management strategy in place, therefore the approach and methodology to formulating the plan has not been formally approved.</p> <p>Where the five-year fleet plan is formulated without an approved strategy in place, there is a risk that replacement parameters and fleet decisions are not taken in line with approved strategic objectives, which could lead to the mismanagement of fleet vehicles. Management action one has been agreed in respect of this finding.</p>	

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All data within the plan derives from the Tranman system and we asked the Fleet and Logistics Manager whether the team has completed a full physical verification exercise of all fleet vehicles on the system against physical vehicles to determine whether this list is accurate. As at 21 November 2022, this physical verification exercise had not yet been completed.

Where a full physical verification exercise has not been completed to ensure the Tranman system list is accurate and reflects actual fleet vehicles, there is a risk, particularly given the recent changes in management and issues identified within this report, that fleet planning is based on outdated data which does not reflect the Force's current fleet. In addition, the Force may not identify any missing vehicles, should any discrepancies exist. We have agreed a management action in respect of a full physical verification exercise and reconciliation between the Tranman system and the fleet capital ledger.

Management Action 4	<p>The Fleet and Logistics Team will complete a full physical verification exercise and reconciliation of all vehicle assets on the Tranman system to ensure that the Tranman system data is up to date and accurately records the existence and condition of fleet vehicles.</p> <p>Once the physical verification exercise has been completed, with the support of the Finance Team, a full reconciliation of the fleet capital ledger and the information on the Tranman system will be completed to ensure that the Force has accurate and up to date information on its current financial and operational position in respect of fleet capital and revenue.</p>	Responsible Owner: Fleet and Logistics Manager Head of ICT	Date: 31 March 2023	Priority: High
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Area: Fleet Management

Control 4	Procurement request forms are completed and appropriately approved for any new vehicle orders over £10,000.	Assessment:	
	Purchase orders are raised for all vehicles ahead of vehicles being ordered and are appropriately approved through the iProc system. Orders raised reflect approved capital expenditure budgets.	Design	✓
		Compliance	×

Findings / Implications

We met with the Procurement Team and established that from July 2022 onwards, the Fleet and Logistics Team were asked to complete a procurement request form (PRF) for orders exceeding £10,000. We selected a sample of 20 vehicle orders from the fleet capital ledger for 21/22 and 22/23 and noted one vehicle order was raised from July 2022 onwards. For this vehicle, a PRF had been completed and appropriately authorised.

For the sample of 20 vehicles, we tested to confirm whether purchase orders were raised in all cases prior to the vehicle being ordered. In all 20 cases, orders were approved by either the current Fleet and Logistics Manager or the previous manager up to the limit of £50,000. Any orders in excess of £50,000 were approved by the Head of Assets. In all cases, purchase orders were approved in advance of the order being placed by a member of the Procurement Team.

We noted during testing that the Fleet and Logistics Team has been requested to place orders in bulk to support more efficient order processing. Previously, the team processed one vehicle per order to facilitate order tracking. The Fleet and Logistics Manager can approve spend up to £50,000 within the iProc system. We would expect once an approved fleet management plan is put in place that a secondary check is completed by the Finance Team against the plan to include the vehicle is ordered in line with agreed spend (including make, model and specification). Should any orders be placed outside of the approved plan, additional authorisation should be requested from the head of function.

Where orders are not checked against an approved plan, there is a risk that fleet strategies are not adhered to and budgets may be exceeded.

2022 / 2023 orders

For the sample of 20 vehicles, we aimed to confirm orders had been placed against an approved fleet capital plan or business case. Firstly, we discussed the orders for 2022/23 (totalling three vehicles) with the Fleet and Logistics Manager and noted that:

- Two vehicles were purchased as part of the BMW N57 orders; and
- The remaining vehicle (a Skoda Superb) was purchased via an auction. We could not see this order in the agreed 2022/23 expenditure and have queried this with the Fleet and Logistics Manager. The Fleet and Logistics Manager explained this was a CSU (Crime Scene Unit) vehicle and therefore will be assigned to the CSU budget.

We discussed the full 2022/23 orders with the Fleet and Logistics Manager and noted that the CFO (OPFCC) approved three areas of expense:

- The BMW N57 order expenditure, which has been retrospectively agreed once the orders were placed;

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- Slippage from 2021 / 2022 for 11 vehicles or conversion rates; and
- An additional 45 vehicles which needed replacing in 2022/23.

Discussions with the Fleet and Logistics Manager established that no orders have been placed for the 45 vehicles in 2022 / 2023. The Fleet and Logistics Manager explained that they had met with the Accountant to discuss the remaining budget and identified due to additional issues, such as cell vans being incorrectly receipted in the wrong financial year and expenditure on the Tranman system being transferred into the fleet capital ledger, there remained minimal fleet capital budget to purchase the agreed 45 vehicles. We asked whether the CFOs had been informed of this and they had not.

The Fleet and Logistics Manager provided us a breakdown of the fleet capital budget from this discussion in the summer of 2022. The total fleet capital budget for 2022 / 2023 is as follows:

Vehicle Replacement Capital Budget	Total Number of Vehicles	Estimated Cost
N57 Allocated Forecast	32	£1,365,701 (unapproved budget)
2021 / 2022 Existing Orders	11	£250,903
Vehicles delivered and awaiting conversion	16	£404,110
Agreed orders to be placed 2022 / 2023	45	£805,075
Total		£2,825,789

However, during conversations with the Finance Team in the summer 2022, we identified that there was no fleet capital budget remaining for 2022/23 to purchase the 45 vehicles approved by the CFO (OPFCC). The breakdown of expenditure was as follows:

Area	Spend Total (as at summer 2022 meeting)	Spend attributed to N57
Vehicles ledger	£752,432	£529,016.88

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iProc ledger	£215,263	£84,550
Tranman transfer	£136,422.89	£46,310.65
Cell vans	£305,777.92	N/A
Vehicles awaiting receipt	£358,012.38	N/A
Conversion awaiting receipt	£330,529.85	£209,404.74
N57 awaiting receipt	£439,371.51	£439,371.51
Total	£2,537,809.55	£1,308,653.78
Budget minus total spend	£287,929.45	£57,047.22

However, where the CFOs are not made aware of any budget restrictions or changes to agreed delivery, there is a risk that vehicles are not ordered within agreed budget and cannot be planned in future plans. This may result in an aging fleet, meaning the Force cannot deliver operationally.

We further aimed to establish whether the 2021/22 vehicles were purchased against an approved plan. The Accountant provided us with an overarching fleet management plan on file, but as the Accountant has only recently been involved with the fleet capital budget, it was unclear whether this was an approved management plan. We still completed the testing by comparing the ledger and the vehicle replacement license number for orders raised in 2021/22 against the plan provided. 13 of the selected 20 vehicles related to 2021/22 and we noted that:

- In two cases, there was no reference to the vehicle within the 2021/22 plan. In one of these cases, the vehicle looks to be a new purchase rather than a replacement;
- In another case, the vehicle is only referenced in the slippage tab only, but it is not clear whether this vehicle was part of the 2020/21 plan and no details of the required vehicle replacement type was documented;

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- In the remaining 10 cases, there was reference to the vehicle in the plan and five of these vehicle order descriptions matched the vehicle replacement type noted in the plan (although details were minimal); however, for the final five vehicles:
 - In two cases, the vehicle was not included on the 'master replacement' list and was only documented in the order list, which could suggest the vehicle replacement was not planned;
 - In one case, a BMW was ordered but the order description suggests this was a different model; and
 - In the final two cases, the 'master replacement' tab stated that the cell vans would be replaced with Ford Transit vans; however, the orders had been placed for Peugeot vehicles instead.

As noted above, it appears that there is no clear plan in place to support vehicle orders. Where a clear fleet management plan is not in place to support vehicle orders, there is a risk that orders raised are not in line with an approved strategy and in line with approved budget, which could lead to inappropriate vehicles being purchased or budget overspends.

The remaining six vehicles in the sample were originally ordered in 2020/21 and as we have no plan on file for this period, we have not undertaken testing of these vehicles against a plan.

From the order testing, we identified one further issue applicable to one sample from the 20 reviewed. In this case, a requisition was placed for £16,834.41 in June 2021, which we could identify in the fleet capital ledger; however, the invoice paid totalled £15,295.24 as the original requestion did not apply the discount. However, this reconciled amount could not be seen in the ledger and the payment was made on 22 September 2021. We queried this with the Accountant who was also unable to reconcile the amounts on the ledger and followed this up with the Purchase to Pay (P2P) Team. It was stated that open purchase orders with values outstanding need to be manually closed and this is completed 12 months after the purchase order is raised at the next applicable year end. However, as this order was placed and paid in the 2021/22 financial year, we would expect the reconciled amount to be addressed by at least the 2021/22 year end to ensure the unallocated budget is present in the ledger.

Where purchase orders have values which remain open and are not closed in a timely manner, there is a risk that unspent budget is not available, which could risk the Force not delivering on vehicle orders within the correct financial year.

Management Action 5	Responsible Owner:	Date:	Priority:
<p>The Force will review its full ordering process in respect of fleet from the procurement request form completion to invoice payment to ensure that processes are streamlined and there is sufficient oversight of ordering.</p> <p>The fleet capital budget holder will ensure that only vehicles within the approved fleet management plan or vehicles within an approved business case are ordered. Any changes to vehicle orders or changes to vehicle specifications will require additional approval.</p>	<p>Fleet and Logistics Manager Head of ICT</p>	<p>31 March 2023</p>	<p>High</p>

Area: Fleet Management

Should any orders be delayed, this will be reported in a timely manner to the Chief Finance Officers.

Management Action 6	The Fleet and Logistics Manager will provide a full budget overview for the fleet capital budget for 2022/23 to the Chief Finance Officers to outline why agreed orders are not able to be placed.	Responsible Owner: Fleet and Logistics Manager	Date: 31 March 2023	Priority: Medium
Management Action 7	The Force will ensure open purchase orders are reviewed and closed down in a timely manner (suggestion at least quarterly) to ensure unspent budget is posted in the ledger. A standard agenda will be developed for fleet capital budget meetings and open purchase orders will be included.	Responsible Owner: Accountant Fleet and Logistics Manager	Date: 31 March 2023	Priority: Low

Area: Fleet Management

Control 5	Once vehicles are delivered, the Fleet and Logistics Team check the vehicle specification and condition against the original quote and order to ensure the original order has been adhered to. Goods are marked as received on the iProc system. Invoices are only paid once goods are recorded as received on the system, and any discrepancies between invoices and the original order are flagged with the Fleet Management Team. The Tranman system is updated with the delivery date of the vehicle. Partially missing control - Goods received or delivery notes are not retained on the iProc system. There is no clear segregation of duties between ordering, receipting and adding a vehicle to the Tranman system.	Assessment: Design × Compliance -
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Findings / Implications	<p>Through our walkthrough of the iProc system for a sample of 20 purchased vehicles, we noted that goods received notes or delivery notes are not retained on file to evidence the vehicle received reconciles to the original order in any cases. We therefore cannot provide assurance that the vehicle has been received by the Force or that the vehicle received reconciles with the original order.</p> <p>Where goods received notes or delivery notes are not retained on the iProc system and matched to invoices, there is a risk that the correct order has not been received and invoices may be paid without the vehicle being received by the Force.</p> <p>We further tested to confirm whether all vehicles had been added to the Tranman system and in all 20 cases, the vehicles had been logged on the system. However, in 11 cases, the vehicle delivery date had not been recorded on the Tranman system to confirm the date the vehicle arrived at the Force. In one of the remaining nine cases, the vehicle has not yet been received by the Force and the invoice had not yet been paid. The remaining eight vehicles had a delivery date recorded on the Tranman system and in four cases, no issues were noted between the delivery date on Tranman and the receipted date on iProc. However, in three of the eight cases, the vehicles were receipted on the iProc system over two weeks after the delivery date recorded on the Tranman system by the following timescales:</p> <ul style="list-style-type: none">• Vehicle one: delivery date recorded as 14 July 2022, whereas goods were receipted on iProc on 8 August 2022;• Vehicle two: delivery date recorded as 15 June 2022, whereas goods were receipted on iProc on 18 July 2022; and• Vehicle three: delivery date recorded as 26 January 2022, whereas goods were receipted on iProc on 7 March 2022. <p>Whilst we note that the Force may have challenged the condition of some vehicles, which would account for the delay in goods received that would trigger the approval for payment on the iProc system, there is a risk that where goods received are not marked in a timely manner, vehicles may not be receipted in the correct period or suppliers may not be paid in a timely manner.</p> <p>In the final case, we noted that the delivery date on the Tranman system was recorded as 13 April 2021, whereas the goods received date on the iProc system was marked as 1 April 2021. Once goods are receipted on the iProc system, this approves the payment of the invoice for the goods and confirms to the P2P Team that invoices are correct to pay. Assuming the delivery date is accurate on the Tranman system, this would indicate that the vehicle was approved for payment prior to the vehicle being received, which risks the Force pre-paying for outstanding vehicles. The invoice for this vehicle was processed for payment on 14 April 2021 and cleared on 16 April 2021.</p>
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Area: Fleet Management

We noted that the same individual had logged the vehicle on the Tranman system and marked the order as received on the iProc system, meaning there is not a clear segregation of duties in place.

Where an individual is able to add a vehicle to the Tranman system and log a vehicle as received on the iProc system, there is a risk that a vehicle may be paid for by the Force, but not received and not identified if the vehicle is either not added to the Tranman system or incorrectly added to the Tranman system.

As highlighted above, where goods received notes or delivery notes are not retained on file, there is no evidence to confirm whether vehicles have been received by the Force.

Management Action 8	<p>The Fleet and Logistics Team will ensure that all goods received notes and delivery notes are stored on the iProc system to evidence the correct receipt of vehicle orders.</p> <p>The Purchase to Pay (P2P) Team will not process fleet invoices unless appropriate evidence of goods received is available on file.</p>	<p>Responsible Owner: Fleet and Logistics Manager Head of ICT P2P Team</p>	<p>Date: 31 March 2023</p>	<p>Priority: High</p>
Management Action 9	<p>The Fleet and Logistics Team will ensure that all vehicle details are recorded on the Tranman system, including the purchase and delivery date, to support records retained within the iProc system. Vehicles will not be receipted on the iProc system until they have been received by the Force.</p> <p>The Fleet and Logistics Team will establish a clear segregation of duties within fleet ordering processes to ensure the same individual cannot order a vehicle, add a vehicle to the Tranman system, and receipt a vehicle for payment on the iProc system.</p> <p>This segregation of duties will be included within policies and procedural documents as per management action 2.</p>	<p>Responsible Owner: Fleet and Logistics Manager Head of ICT</p>	<p>Date: 31 March 2023</p>	<p>Priority: High</p>

Area: Fleet Management

Control 6	Goods are receipted in the correct period to which they have been received.	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications

The Force identified that there have been issues in the receipting of vehicles in the 21/22 and 22/23 financial periods. The issue was identified when an invoice for due cell van payments was sent from a supplier to the Fleet and Logistics Team mid-2022. It was noted at this point that the vehicles had been receipted in the prior period (financial year end 31 March 2022).

The current Accountant overseeing the fleet capital budget undertook some analysis of the fleet capital ledger and iProc system to compare receipted dates with delivery dates. As noted above, goods received notes are not being retained on file to support iProc orders therefore it has not always been possible to validate the actual delivery dates. The Accountant did identify email trails from a supplier on the iProc system which confirmed vehicle dates that did not reconcile with the recorded receipted date on the system. From the Accountant's analysis, it was noted that 16 vehicles were receipted at the end of March 2022 (28 to 30 March 2022). Of which, it was established that 10 vehicles were not delivered until April 2022 and therefore should have been receipted in the next financial period (22/23). The cell vans had been processed on three separate purchase orders and as the 10 vehicles were receipted in the prior period (21/22), the budget had not been slipped into the 22/23 fleet capital budget, which has affected this year's capital budget.

For the sample of 20 vehicles, we noted the issues identified above in relation to the receipting of vehicles and the limitation in information available due to goods received notes not being retained on file. Two of the samples selected were the cell vans which had been ordered and receipted by the same person, and details on the Tranman system were minimal, for example, no delivery date had been recorded. We identified one further vehicle which had been receipted on 8 November 2022; however, the Fleet and Logistics Team informed us that this vehicle had not yet been received when the Tranman system data was reviewed. This vehicle has not yet been paid for as the Purchase to Pay Team has not received an invoice from the supplier. The vehicle is listed on the Tranman system against the replaced vehicle registration but is awaiting delivery.

Where vehicles are receipted prior to being delivered, there is a risk that vehicles are paid for before being received by the Force, which could result in financial loss.

Management Action	<i>See management actions 8 and 9.</i>	-	-	-
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Area: Fleet Management

Control 7	The Force uses Brightwells to sell vehicles no longer required by the Force. To support the sale of a vehicle, a Brightwells Item Entry form, service and maintenance history and Brightwells condition report is completed, which outlines the reserved price and vehicle condition. Once the vehicle is sold at auction, a vendor invoice is raised and a Form 52 is completed and provided to the Purchase to Pay Team for processing. The Tranman system is updated to reflect the sale of the vehicle, including the sale price and disposal date. Income is received which reconciles with the amount raised on the vendor invoice.	Assessment:	
		Design	✓
		Compliance	×

Findings / Implications	<p>We undertook a walkthrough of the vehicle disposal process with the Fleet and Logistics Team and confirmed that the team use Brightwells to sell fleet vehicles set for disposal. The process is managed by the Fleet and Logistics Team up until the income is received into the Force accounts. The Fleet and Logistics Team should ensure five documents are on file to support each sales transaction:</p> <ul style="list-style-type: none">• Brightwell item entry form;• Service and maintenance history;• A vehicle condition report from Brightwells;• A vendor invoice; and• A Form 52 input for processing by the Finance Team. <p>In addition, the team should ensure that all vehicle details are updated on the system to reflect the final sales position.</p> <p>We selected a sample of 10 disposed vehicles and noted the following exceptions:</p> <ul style="list-style-type: none">• In four of the 10 cases, there was no Brightwell item entry form or service and maintenance history retained on file;• In one further case, we were unable to open the service and maintenance history file as the document was corrupt;• In three of the 10 cases, the condition report from Brightwells was not available on the file;• In one of the 10 cases, we did not receive a vendor invoice; however, a bulk sales invoice for the Force was retained on file but this did not specify the individual vehicle sales price to reconcile against the Tranman system; and• In four cases, we were unable to obtain the completed Form 52 input file. <p>We further noted through review of the Tranman system that three of the 10 vehicles sales price had not been updated, therefore we were unable to reconcile the vehicle sales value to the invoice provided.</p> <p>The Fleet and Logistics Manager outlined that the documents to support vehicle disposals should now be stored centrally on the SharePoint system.</p> <p>Where supporting documents are not retained for vehicle sales, there is a risk that vehicle disposals are not processed correctly and the Force may not receive all monies due.</p>
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Area: Fleet Management

We have received the bank account statements and a copy of the sales ledger journal which has been annotated with the received income from Brightwells. We received evidence to confirm that income was appropriately received by the Force and was identifiable in the ledger.

Management Action 10	The Fleet and Logistics Team will ensure that all supporting documentation for vehicle disposals are retained centrally on file. The Tranman system will be updated to fully record the details of the disposed vehicles, including date of disposal and sale price.	Responsible Owner: Fleet and Logistics Manager Head of ICT	Date: 31 March 2023	Priority: Medium
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Area: Fleet Management

Control 8	Vehicle maintenance and repairs costs are recorded against each vehicle on the Tranman system. Maintenance and repairs costs are raised on the Tranman system and approved through the system by either the Workshop Manager up to the value of £10,000 or the Fleet and Logistics Manager up to the value of £50,000. The Fleet and Logistics Manager produces a file transfer with invoices required for payment from the Tranman system to send through to the P2P Team for payment. Partially missing control - Repairs and maintenance costs are not raised within the iProc system and therefore the Procurement Team oversight is limited. The Fleet and Logistics Team do not consider the residual value of the vehicle prior to considering repairs and maintenance costs.	Assessment: Design × Compliance -
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Findings / Implications

We met with the Fleet and Logistics Team to discuss the process for raising and approving jobs for vehicle repairs and maintenance costs. It was firstly noted that there is a backlog of open repairs jobs on the system, which the Workshop Manager (who is new to the post) is in the process of the working through. The majority of the jobs are lacking information or are ghost jobs, which appear to be a copy of another job. On the day of testing, there were 153 new jobs, 77 in progress jobs and 106 retry jobs, which require review.

If a vehicle requires repairs, a job is raised within the system with any equipment or repairs costs allocated against the job. The repair job is then approved by either the Workshop Manager or the Fleet and Logistics Manager, depending on the level of spend. We asked how the Fleet and Logistics Team consider the cost of repairing the vehicle over replacement and we were informed that discussions are held whether the vehicle can be replaced with another from the Force or whether a new vehicle is on order.

Through our discussions, the following was highlighted:

- The costs of repairs and maintenance against the residual value or the replacement cost of the vehicle cannot be considered if the vehicle requires repairing and there is not a replacement vehicle available. We were provided with examples of aging cell vans (which account for the highest repairs and maintenance costs). We note that the Force currently has an aging fleet.
- The Force has a workshop at Thirsk and one other in North Yorkshire, therefore geographically it may not be possible to repair or service a vehicle in-house, which reduces the level of costs. For example, vehicles in Scarborough are always repaired or serviced by third parties. The Fleet and Logistics Team aim to carry out some analysis to determine the impact of external costs against internal costs.
- The Force do not currently have a telematics system in place which enables vehicle utilisation to be considered, therefore if a vehicle requires repair, the team do not have data to identify if another vehicle can be used as a replacement in the meantime.
- Repairs and maintenance costs may be attributed to vehicle accidents, which result in higher cost values and cannot be anticipated.

The draft five-year plan considers vehicle repairs and maintenance costs, age and mileage against the cost of a new replacement vehicle, including the cost of additional equipment required and conversion costs. The plan does not consider residual value and we asked the Accountant whether the residual value of vehicles is analysed. We noted that this analysis has not been undertaken.

Area: Fleet Management

In addition, the Procurement Team outlined that as vehicle repairs and maintenance costs are raised and approved through the Tranman system rather than the iProc system, the Procurement Team are unable to monitor repairs and maintenance expenditure to ensure contracts are in place prior to ordering, which could mean the Force is not achieving value for money. The Procurement Manager provided us with some analysis completed in 2020/21 on the costs for fleet services not attributed to approved suppliers. The Procurement Team has started working through MOT costs within each geographical area to monitor supply cost.

Where orders are raised for fleet repairs and maintenance costs through the Tranman system only, there is a risk that ongoing monitoring is not completed by the Finance or Procurement Teams to ensure that costs remain within budget or that the Force is achieving value for money.

We reviewed the repairs and maintenance costs on the five-year fleet plan and noted the highest repair and maintenance costs attributed to one vehicle totals £38,614. The vehicle is a cell van located at Scarborough and the estimated total new cost for the vehicle sits at £21,000, which exceeds the cost of a new vehicle by £17,614. We analysed all repairs and maintenance costs on the five-year fleet plan and noted repairs costs of £1,630,665 against 123 vehicles. From the 123 vehicles, repair costs exceeds the estimated cost of a new vehicle in nine cases, totalling £63,027 in estimated additional costs. However, as mentioned above, the Force do not compare the value of repairs and maintenance costs against the residual value of the vehicle and these figures are based on the value of a new vehicle only.

At the closing meeting, the Head of ICT further outlined that the total repair costs against each vehicle should be considered beyond the point at which the vehicle was supposed to be de-commissioned, prior to this, the repairs and maintenance costs would be considered business as usual. Nonetheless, the high costs against certain fleet vehicles suggests a lack of clear replacement policy.

Where the Force accrue excessive repairs and maintenance costs for vehicles, there is a risk that the Force is not achieving value for money and is repairing aging vehicles.

We selected a sample of 10 vehicles with high repairs and maintenance costs. We reviewed the repairs and maintenance records on the Tranman system for each vehicle and selected one high value repair job from each maintenance record, which totalled £21,779 across the 10 jobs. We attempted to review the approver of each job; however, it was unclear within the Tranman system where this information existed and therefore were limited in our testing. In all 10 cases, we obtained the invoice associated with the job and confirmed that the invoice value was included on the file transfer to the Purchase to Pay Team and reconciled with the amount on the Tranman system. For nine of the 10 cases, we confirmed the file transfer had been approved. In the final case, we believed that the file transfer was completed by the previous Fleet and Logistics Manager; however, email evidence was not retained on file to support this and therefore could not be confirmed.

Where evidence to support file transfers are not retained on file, there is a risk that the invoices for payment have not been appropriately reviewed and approved.

Management Action 11	The Force will calculate the residual value of each vehicle and analyse the repairs and maintenance costs against these values to determine the impact of excessive repairs and maintenance costs.	Responsible Owner: Fleet and Logistics Manager Head of ICT Accountant	Date: 31 March 2023	Priority: Low
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Area: Fleet Management

Management Action 12	<p>The Force will consider whether the use of the Tranman system for vehicle orders is appropriate to enable adequate monitoring of repairs and maintenance costs to ensure value for money is achieved. The Force will consider alternative solutions and as a minimum, adequate controls will be put in place to ensure any expenditure incurred within the Tranman system is subject to adequate checks, and that Tranman costs are appropriately accounted for in the ledger in a timely manner.</p> <p>In addition, the Tranman system will be reviewed to confirm whether approvers of job costs can be viewed for audit purposes.</p> <p>A sample of repair jobs should be tested to confirm that jobs are authorised in line with delegated authorities.</p> <p>The Fleet and Logistics Team will ensure that email evidence of file transfers submitted to the P2P Team is retained on file to confirm adequate authorisations have been sought.</p>	Responsible Owner: Fleet and Logistics Manager Head of ICT	Date: 31 October 2023	Priority: High
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Area: Fleet Management

Control 9	Missing control	Assessment:
	There is no approved business case in place to support the ordering of BMWs in 2021/22.	
		Design ×
		Compliance -

Findings / Implications BMW

Discussions with the Fleet and Logistics Manager established that there was no approved business case completed for the ordering of the BMW vehicles as a result of the national issue with the N57 BMWs. The Fleet and Logistics Manager informed us that a Gold Group was set up to discuss the BMW issue. The only paper presented to the Chief Officer Team was to explain the background for the issue and the reasons why actions were taken. The Fleet and Logistics Manager is still to provide this paper.

We understand that no formal request for budget was made to the CFO (OPFCC). We have therefore been unable to reconcile the orders placed for the BMWs against an approved business case.

Where requests for funding, even emergency expenditure, do not follow the required authorisation routes, there is a risk that expenses are incurred outside of approved budget, which the Force may not be able to afford.

We have raised a management action in relation to the ordering process to ensure that any vehicles purchased outside of the approved fleet management plan require additional authorisation.

Additional business cases

The Fleet and Logistics Manager informed us there had been two further fleet-related business cases in 2021/22 and 2022/23: one for Rural Taskforce and one for Expedite. The Fleet and Logistics Manager outlined that no orders have been placed for either business case, as the Chief Officer Team requested vehicles be sought within current fleet levels. The Fleet and Logistics Manager has considered the requirements of the business cases for the next five-year fleet plans, which are subject to review and approval.

Management Action 13	Orders will not be placed outside of the approved fleet capital budget without an approved business case in place, which has been presented to the Chief Finance Officers (Chief Constable and OPFCC) for approval.	Responsible Owner:	Date:	Priority:
	Clear instructions will be issued to this effect and detail provided on the source of the required approval route.	Fleet and Logistics Manager	31 August 2023	High
	Should any changes to the approved plan occur, including requirements for additional vehicles, changes to vehicle numbers, type or specification, the Fleet and Logistics Team will ensure that budget is requested from the Chief Finance Officers in advance of the orders being placed.	Head of ICT		

Area: Fleet Management

Control 10	<p>Partially missing control - The Force uses two vehicle purchasing frameworks: the Blue Light framework and the CCS framework. The Fleet and Logistics Team do not currently have a policy or framework in place to standardise the makes, models, or specification of fleet vehicles.</p> <p>Vehicle specifications are determined through discussions with individual stations, departments, and vehicle owners to ensure vehicles are suitable for operational use.</p>	Assessment:	
		Design	x
		Compliance	-

Findings / Implications	<p>The Fleet and Logistics Manager outlined that in 2022, the Fleet and Logistics Team has met with all stations and departments to understand vehicle operational requirements to ensure that fleet vehicles are fit for purpose and considerations are given to Force needs when developing the five-year fleet plan. This involved understanding current vehicle assets and understanding how differing specifications which could better suit individual departments or stations.</p> <p>The Force does not have an established policy or framework in place to standardise the makes, models or specification of fleet vehicles, although all vehicles will be purchased through two frameworks: Blue Light and CCS frameworks. Vehicles are purchased and then modified to ensure that they fit the needs of the station or department.</p> <p>Where a standardisation of fleet vehicles does not exist, there is a risk that inappropriate vehicles could be purchased by the Force and may include lavish or excessive specifications, which could lead to budget overspends.</p> <p>We highlighted above that an electric cell van was ordered by the Force and currently sits in the Transport Hub at Thirsk as the Force does not currently have the infrastructure for electric vehicles, which highlights the importance of ensuring that vehicle makes, models and specifications are appropriate and align to the needs of the Force.</p> <p>The Fleet and Logistics Manager has placed no orders in 2022 for additional fleet due to the restrictions of the current capital budget. It was agreed with the CFO (OPFCC) that fleet capital budget would be allocated for 2022 / 2023 to cover the ordering of 45 required vehicles across the Force; however, the Fleet and Logistics Manager explained that there is no budget within the fleet budget to order these vehicles. The Fleet and Logistics Manager showed us a spreadsheet with workings evidencing where fleet budget has been spent in year.</p> <p>We asked whether the CFO (OPFCC) had been informed that 45 vehicles were not able to be purchased within current budget; however, we do not believe the CFO (OPFCC) has been informed.</p> <p>As no new orders have been placed in 2022 / 2023, we have not considered the make, model and specification of these vehicles against the approval from the CFO (OPFCC).</p> <p>Where the CFO (OPFCC) is not kept up to date on key budget limitations and where the Fleet and Logistics Team has been unable to deliver on approved orders, this risks the ability to clearly plan the fleet capital budget for future years and will lead to slippage in terms of delivery, which could impact on Force operations.</p>
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Area: Fleet Management

Management Action 14	<p>The Force will develop a process to standardise the assessment of need for fleet vehicles and ensure that there is adequate scrutiny and challenge around fleet requirements. This will be embedded within an approved policy or process document.</p> <p>The Fleet and Logistics Team will meet with individual departments to understand their vehicle requirements and the Fleet and Logistics Team will make a fleet recommendation in line with policy and dependent on the availability of vehicles on the frameworks.</p> <p>Should individuals not agree with the Fleet and Logistics Team recommendation, the respective business case will outline the desired fleet vehicles and the Fleet and Logistics Team's recommendations to ensure full transparency and scrutiny of fleet requests.</p> <p>The business cases will be submitted for approval by the COT, Chief Finance Officers and above, where applicable.</p>	Responsible Owner: Fleet and Logistics Manager Head of ICT	Date: 31 August 2023	Priority: Medium
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Area: Fleet Management

Control 11	<p>Partially missing control - The Fleet and Logistics Manager has developed a planner to support in scheduling vehicle lead times to plan for when orders will be delivered and vehicle conversions completed to anticipate the date by which the vehicle will be ready for use within the Force.</p> <p>However, this information has not been included within the overarching five-year fleet plan from 2023 / 2024.</p>	<p>Assessment:</p> <p>Design ×</p> <p>Compliance -</p>
Findings / Implications	<p>Discussions with the Fleet and Logistics Manager established that the Force has previously been reactive rather than proactive in terms of vehicle order planning to ensure that orders are placed in a timely manner, with due consideration given to the lead times of each vehicle. During the Covid-19 pandemic, the Fleet and Logistics Team were impacted by difficulties in the vehicle market, meaning lead times were unclear and exceeded typical lead times in previous years.</p> <p>The Fleet and Logistics Manager has developed a planner to support in the scheduling of vehicles, which sets out when orders are placed by and when orders are expected to be delivered by based on expected lead times. Due to external factors, lead times may not always be consistent, but the Fleet and Logistics Manager recognises the need for additional planning. The planner also sets out the anticipated timeframes for conversions.</p> <p>However, expected order dates and lead times have not been included within the five-year fleet plan which has recently been developed. To support financial planning, it would be beneficial for the Fleet and Logistics Manager to anticipate and liaise with suppliers on each vehicle type order window and set out the anticipated delivery dates to ensure that budget is allocated accordingly.</p> <p>Where vehicle lead times are not carefully considered, there is a risk that the Force will miss key order windows and vehicles may not be delivered in a timely manner if budget is not available as order windows are open. Delays in vehicle deliveries may lead to operational difficulties should the Force fleet not be adequately equipped.</p>	
Management Action 15	<p>The Fleet and Logistics Manager will include vehicle order windows and lead time estimates within the five-year fleet plan to ensure that all approved orders can be placed and there is clear indication when orders will be receipted to support in budget planning.</p> <p>This will include an indication of conversion requirements and timings and will be completed for 2023 / 2024 orders as a minimum.</p> <p>The Fleet and Logistics Team will maintain a scheduled cashflow document to clearly outline when vehicle and conversion charge payments are expected. The cashflow document will be included as a standing agenda item for monthly fleet budget holder meetings.</p>	<p>Responsible Owner: Fleet and Logistics Manager Head of ICT</p> <p>Date: 31 March 2023</p> <p>Priority: Medium</p>

Area: Fleet Management

Control 12	<p>Missing control - The current Accountant was given the responsibility of overseeing the fleet capital budget in August 2022.</p> <p>As a result, the last few months have been spent understanding the budget in meeting with the Fleet and Logistics Manager and budget monitoring reports have not yet been produced.</p>	<p>Assessment:</p> <p>Design ×</p> <p>Compliance -</p>	
Findings / Implications	<p>The Accountant responsible for overseeing the capital expenditure fleet budget was assigned the fleet budget in approximately August 2022. We met with the Accountant and noted that there is only one budget code attributed to fleet capital expenditure, which limits real-time informative budget monitoring reporting. The Accountant explained that the last few months have been spent understanding the fleet capital budget and working through issues identified with the Fleet and Logistics Manager and the Head of ICT. As such, regular budget monitoring reports have not been produced to outline spend in the year to date.</p> <p>We were advised the Accountant plans to introduce more reporting at a more granular level by introducing additional cost codes within the fleet capital budget. Regular budget meetings are held with the Fleet and Logistics Manager and reporting will be produced to support these meetings and ensure any variances are challenged and scrutinised.</p> <p>Where regular budget monitoring reporting is not produced to support regular budget monitoring meetings, there is a risk that fleet finances are not completely managed, which could lead to budget overruns.</p>		
Management Action 16	<p>The Accountant will produce monthly budget monitoring reports for the fleet capital expenditure budget. Budget reports will be discussed at each budget holder meeting to ensure that any variations to the approved budget are considered.</p> <p>Any slippage or orders not placed will be clearly marked and commentary recorded through consultation with the Fleet and Logistics Manager and the Head of ICT. Should any significant deviations occur, budget reports will be provided to the Chief Finance Officers (Chief Constable and OPFCC) for consultation.</p> <p>For 2023 / 2024, the fleet capital expenditure budget will be allocated more granular level cost codes, which will be agreed with the Fleet and Logistics Manager and the Head of ICT to support adequate budget monitoring.</p>	<p>Responsible Owner:</p> <p>Accountant Fleet and Logistics Manager Head of ICT</p>	<p>Date:</p> <p>31 August 2023</p> <p>Priority:</p> <p>Medium</p>
Management Action 17	<p>A set agenda will be developed for the monthly budget holder meetings based on the findings of this review to ensure regular discussion of all key fleet considerations.</p>	<p>Responsible Owner:</p> <p>Fleet and Logistics Manager Head of ICT Accountant</p>	<p>Date:</p> <p>31 March 2023</p> <p>Priority:</p> <p>Low</p>

Area: Fleet Management

Control 13	Missing control - There is no performance reporting in place which highlights key matters such as: <ul style="list-style-type: none"> • Make / model / specification / cost analysis; • Repair and maintenance costs; • Vehicle lead times; • Variations in vehicle specification / price from order / agreed standard; and • Vehicle disposals. 	Assessment:	
		Design	x
		Compliance	-

Findings / Implications

We asked the Fleet and Logistics Manager and the Head of ICT whether any performance reporting is in place to highlight any fleet management key matters to management or above. We understand that currently there are no formal reporting arrangements in place to highlight fleet management performance or issues.

We were advised this is something that the Fleet and Logistics Manager and the Head of ICT plan to introduce going forward, and likely, once the five-year fleet finance plan has been approved to ensure that regular updates are provided.

Where regular performance reporting is not in place, there is a risk that key matters are not escalated across the Force to ensure issues are known and addressed.

Management Action 18	The Fleet and Logistics Manager will implement regular performance reporting for fleet management to the Head of ICT, the Fleet Strategic Group, and any other appropriate committees. The reports should include the following: <ul style="list-style-type: none"> • Make / model / specification / cost analysis; • Repairs and maintenance costs; • Vehicle lead times and any identified issues; • Variations in vehicle specification / price from order / agreed standard; • Vehicle disposals; and • Any issues with order placing which could impact on fleet plan delivery. 	Responsible Owner:	Date:	Priority:
		Fleet and Logistics Manager Head of ICT	31 October 2023	Medium

Area: Fleet Management

Given the issues identified within this report, it would be advisable that regular reports are also provided to the COT for as long as deemed required.

Management Action 19	Given the findings of the review, the Force should strongly consider a re-audit of this area in the 2023/24 internal audit plan.	Responsible Owner: Chief Finance Officers Head of Business Assurance	Date: 31 October 2023	Priority: Medium
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APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Area	Control design not effective*		Non Compliance with controls*		Agreed actions		
	Low	Medium	High	Low	Medium	High	
Fleet Management	10**	(17)	3**	(17)	3	8	8
Total					3	8	8

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

** More than one management action raised against each control.

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The internal audit assignment has been scoped to provide assurance on how the Police, Fire and Crime Commissioner for North Yorkshire and Chief Constable of North Yorkshire manages the following area:

Objective of the area under review

Whether the Force have adequate controls and systems in place to inform its fleet management strategy and account for capital expenditure.

The Chief Finance Officer – Police, Fire and Crime Commissioner and the Chief Finance Officer – Chief Constable identified concerns with accounting for fleet vehicles in the correct accounting period and approval of capital expenditure. RSM have been commissioned to focus on four distinct areas in relation to Fleet:

- Accounting treatment of fleet assets including approval of expenditure in accordance with the Devolved Resource Manual.
- Disposal of vehicles in accordance with the fleet management strategy and Devolved Resource Manual.
- Vehicle maintenance is managed to ensure transparency of decision-making and the achievement of best value for money.
- Capital expenditure is approved before expenditure is incurred and orders / receipted vehicles reconcile to the approved capital business case.

Our review will focus on the following:

- A fleet management strategy is in place, updated on an annual basis to reflect demand, and is aligned to the capital expenditure budget.
- Appropriate policies are in place to support the fleet management strategy and the Devolved Resource Manual, ensure transparency of decision-making and the achievement of best value for money.
- Vehicles have been placed into operational classifications, detailing replacement parameters such as age and mileage and this information is stored on a central register.

Accounting treatment

- We will review fleet purchase ledger transactions to determine whether:
 - Purchase orders are raised in all cases before vehicles are acquired and authorised in accordance with procedures. We will confirm orders raised reflect the approved business case.
 - Invoices received are matched to orders and Goods Received Notes (GRNs) for accuracy, confirmation of receipt of goods and timeliness. We will confirm GRNs raised reflects the approved business case.
 - Changes to vehicle specification and / or price are subject to appropriate scrutiny before being allowed to proceed.
 - Goods have been receipted in the correct period to which they have been received.
 - Invoices are appropriately authorised before payment.
- In addition, and where information permits, we will perform data analytics and review:
 - Document dates outside of financial year;
 - Profile of accounts by posting values and frequency; and
 - Postings close to or over delegated authority limits.

Disposal

- Vehicles are disposed of in accordance with the Devolved Resource Manual and accounted for appropriately.

Vehicle maintenance

- Vehicle maintenance costs are recorded and approved against each vehicle. Our testing will focus on maintenance costs which exceed the residual value of the vehicle.
- Income from asset disposals is recorded and accounted for correctly.

Capital expenditure

- Our review will include an assessment of the initiation of capital business cases. We will review a sample of fleet business cases that supports the expenditure to determine whether they have clearly identified the costs, risks, scope, and benefits, and have been approved in line with the Devolved Resource Manual. We will review a sample of business cases, including the replacement of BMWs requested as a directive of the National Police Chiefs Council, and we will track figures through to source documentation.
- Whether there is a policy / framework in place for the standardisation of vehicle makes / models / specification and the treatment of any variances.
- Vehicle lead times are given due consideration when scheduling vehicle replacements.

- Performance is reported (financials / programme and project delivery) through the organisations' governance structures and it provides sufficient detail to allow for decisions to be made.
- Performance reporting includes key matters such as:
 - Make / model / specification / cost analysis.
 - Repair and maintenance costs.
 - Vehicle lead times.
 - Variations in vehicle specification / price from order / agreed standard.
 - Vehicle disposals.

The following limitations apply to the scope of our work:

- We will not review the procurement activity undertaken through the Crown Commercial Service (CCS) Vehicle Purchase Framework Agreement to secure a supplier.
- We will not replicate the work performed by the Chief Accountant and the Financial Accountant.
- We will not comment on the size / make-up of the fleet is sufficient to meet the demands of the Force nor the utilisation or the monitoring of fleet usage to ensure this is maximised.
- We will not review the adequacy of the fleet management strategy or ensure it is aligned to national strategies on preferred vehicle type.
- Our review will only consider those vehicles purchased via capital expenditure.
- We will not consider the details recorded in the Force Management Statement or review the systems used to track the use of vehicles e.g. Transman.
- We will not confirm vehicles have been depreciated in accordance with the Devolved Resource Manual or carry out a physical stocktake of vehicles.
- We will not review the process for repairing of vehicles or ordering of parts nor the fleet insurance policy and processes.
- We will not review the management of vehicle related incidents (e.g. crashes, damage repairs).
- We will not review controls over, or the accounting treatment of consumable items (e.g. fuel, tyres).
- The results of our work are reliant on the quality and completeness of the information provided to us and our ability to perform data analytics will depend on the quality of the information we receive.
- 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.

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of **The Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable of North Yorkshire**, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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