

10 JULY 2020

NEW FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Friday, 10 July 2020

- * Cllr Alan O'Sullivan (Chairman)
- * Cllr Emma Lane (Vice-Chairman)

Councillors:

- * Alan Alvey
- Hilary Brand
- * Mahmoud Kangarani

Councillors:

- * Martyn Levitt
- * Ann Sevier
- John Ward

*Present

Also In Attendance:

G Farley, Hampshire County Council
Rob Sarfas, Hampshire County Council

Officers Attending:

Alan Bethune, Lisa Conway, Antony Harvey, Andrew Kinghorn, Chris Noble,
Grainne O'Rourke, Andy Rogers and Ryan Stevens

Apologies

Apologies for absence were received from Cllr J Ward.

43 MINUTES

That the minutes of the meeting held on 24 January 2020 be signed by the Chairman as a correct record

44 DECLARATIONS OF INTEREST

No declarations of interest were made in connection with any agenda item.

45 PUBLIC PARTICIPATION

There was no public participation at the meeting.

46 ANNUAL INTERNAL AUDIT REPORT AND OPINION 2019-20

The Committee noted the Annual Internal Audit Report and Opinion for 2019-20.

The audit plan had been completed in all planned areas, with the exception of the leisure centres, due to their closure during March as a result of COVID-19.

The Committee received detailed updates from the officers responsible for Lift Maintenance and Fleet Management operations, which had received 'Limited' assurance ratings in recent audits.

It was noted that all audit actions relating to the Lift Maintenance audit had been completed. These included a centralised database which had now been compiled to ensure consistent control measures and inspection and maintenance regimes for lifts at housing sites, together with a related policy. In addition, dedicated compliance staff had regular meetings with the contractor and audit and reporting arrangements revised. The function was now fully under the control of the Housing service and sufficient resources in place to ensure compliance.

The Committee received a presentation on progress with audit actions relating to aspects of Fleet Management operations. The audit had been requested by the Service Manager, Waste & Transport, as there were concerns as to whether TRANMAN (fleet management software) was being fully utilised for recording and monitoring all the costs associated with each vehicle. A copy of the presentation slides is attached to these minutes.

47 FRAUD REPORT 2019/20

The Committee received and noted the Fraud Annual Report for 2019 / 20.

48 FINAL ACCOUNTS 2019/20 BAD DEBTS WRITE OFF

This Committee noted the total bad debts written off during the financial year 2019/20.

Given the Covid impact, it was likely that there would be an increase in arrears in 20/21.

49 PROCUREMENT RULES, REGULATIONS & CONTRACT STANDING ORDERS - WAIVERS 2019/20

The Committee received and noted the annual summary of Procurement Rules, Regulations and Contract Standing Orders Waivers for 2019/20.

50 TREASURY MANAGEMENT OUTTURN REPORT 2019/20

The Committee received and noted the treasury management outturn report for 2019/20.

Members acknowledged the negative market impacts relating to the Covid epidemic.

51 CODE OF GOOD GOVERNANCE REVIEW - ANNUAL REPORT OF THE MONITORING OFFICER AND THE CHIEF FINANCE OFFICER 2019/20

The Committee noted the assessment carried out by the Monitoring Officer and the Chief Finance Officer, together with actions arising from the annual Code of Good Governance review for 2019/20.

Members requested an update on the PCI accreditation issue. It was explained that the new finance system and telephony and payments systems had recently been implemented, and this now paved the way for securing accreditation.

Members were pleased to note the view of the Monitoring Officer and Chief Finance Officer that the Council was able to have confidence in the effectiveness of its governance arrangements, which was illustrated by the few and relatively minor areas identified in the report for review.

52 DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20

The Committee received and noted the draft Annual Government statement. The Leader of the Council and the Head of Paid Services (Chief Executive) were required to sign the AGS and be satisfied that the document was supported by reliable evidence. It would be published with the Annual Financial Report and provided to the External Auditor for review.

It was explained that a review of workflows in the new finance system was being undertaken as part of the 2020/21 Audit Plan.

RESOLVED:

That the draft Annual Governance Statement for the Financial Year ended 31st March 2020 as reported in Appendix 1 be approved.

53 DRAFT ANNUAL FINANCIAL REPORT 2019/20

The Committee received the Draft Annual Financial Report for 2019/20. The report detailed progress with key issues in the planned full report within required timescales, and sought approval for changes to certain Accounting Policies.

Members noted that due to the pandemic the accounting and audit timelines had been extended this year. Officers reported pandemic - related significant reductions in planning and leisure incomes as well as a sizeable variation in homelessness costs, in the context of a significantly disrupted 2020/21 budget overall.

The Committee also noted that from 2020/21, the Council's new Finance System supported a more accurate costing methodology for the issue of stock from the Council's central store. The previous policy of issuing stock at average price will be replaced with the more commonly used FIFO method, representing 'First in First Out'. Business units will be charged for items removed from stores based on the value the Council paid for those specific items.

RESOLVED:

That the Committee note the draft Accounting Statements set out in Appendices 1-6 of the Annual Financial Report that will be certified by the Responsible Financial (S151) Officer for submission to the external auditor by the deadline of 31 August.

54 AUDIT COMMITTEE WORK PROGRAMME/PLAN

The Committee noted its future work programme.

CHAIRMAN

NFDC Fleet Management

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Audit Committee, 10th July 2020

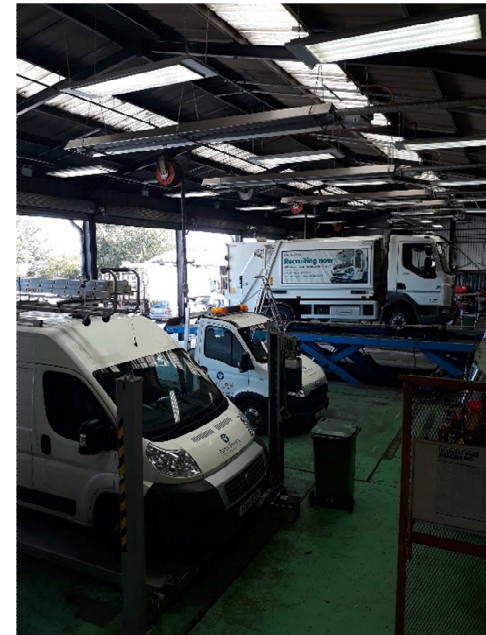
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Chris Noble, Service Manager – Waste & Transport



Introduction

- 200 vehicles in fleet, 2 workshops, 9 staff, £2.7m pa
 - Fleet management is a support service that adds value to the frontline services
 - Needs to provide effective management of assets
 - Software (currently “Tran Man”) should be an effective resource for decision making
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- Audit requested early 2019, completed by 21/05/2020
 - Address concerns over current Fleet software use
 - Ability to monitor costs, staff utilisation and vehicle throughput
 - Support documentation for the effective running of the workshop operation



Audit Actions

Area	Actions	Future Actions/Completion
Workshop Operations - Staff	<ol style="list-style-type: none"> 1. Staff induction expanded to include Workshop operations 2. Operating within the vehicle workshop – updated Workshop Maintenance Standards & Health & Safety Guidance, linked to the risk assessments 3. Staff working on own vehicles, guidance updated and issued to staff 	<ol style="list-style-type: none"> 1. Complete 2. Complete 3. Complete

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Audit Actions

Area	Actions	Future Actions/Completion
Workshop Operations - Process	1. Service and Inspection times are agreed with staff. <ul style="list-style-type: none"> • Unable to use Tranman for this process. • Manual process of random inspection 	1. New software will enable Manufacturers Standard times to be allocated to jobs to measure against real times – Completion date March 2021

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Audit Actions

Area	Actions	Future Actions/Completion
Documented Procedures	1. Procedures written identifying roles & responsibilities <ul style="list-style-type: none"> • Procedures for Workshop operation • Procedures for Transport operation • Reviewed, and updated – Version control sheet • Indexed and linked 	1. Completed

TD03_Tranman_Jobcard_Entry	🟢 R	20/03/2020 09:49	Microsoft Word D...	7,441 KB
TD04_Vehicle_wash	🟢 R	16/04/2019 11:58	GIF File	73 KB
TD05_Vehicle_Plant_Procurement	🟢 R	28/11/2019 12:37	Microsoft Word D...	38 KB
TD06_Transport_Purchase_Ordering	🟢 R	14/10/2019 12:26	Microsoft Word D...	950 KB
TD07_Vehicle_Accident_Guidance	🟢 R	12/06/2020 13:34	Microsoft Word D...	32 KB
TD08_Service_and_MOT_Update	🟢 R	03/06/2020 09:14	Microsoft Word D...	10,462 KB
TD09_Security_Camera_Playback_and_...	🟢 R	01/06/2020 10:43	Microsoft Word D...	1,562 KB
TD10_Maintenance_Reporting	🟢 R	22/11/2019 10:45	Microsoft Word D...	966 KB
TD11_Security_Procedure	🟢 R	18/03/2020 11:17	Microsoft Word D...	902 KB
TD12_New_Vehicle_On_Tranman	🟢 R	24/04/2020 11:02	Microsoft Word D...	4,971 KB
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TD14_Key_Allocation_Process	🟢 R	28/11/2019 09:08	Microsoft Word D...	248 KB
TD15_Vehicle_Accident_Insurance_Proc...	🟢 R	01/07/2020 09:38	Microsoft Word D...	1,039 KB
TD17_Fire_Alarm_Testing	🟢 R	10/07/2019 12:01	Microsoft Word D...	861 KB
TD19_Velocity – Ordering & Issue Of ...	🟢 R	14/11/2019 12:22	Microsoft Word D...	325 KB
TD20_Vehicle_Disposal	🟢 R	28/11/2019 12:43	Microsoft Word D...	38 KB
TD24_Ordering_Replacement_VTG_(Mi...	🟢 R	12/08/2019 14:09	Microsoft Word D...	1,628 KB
TD35_New_HGV_Driver_Training	🟢 R	12/09/2019 14:37	Microsoft Word D...	1,811 KB
TD37_Defect_Reporting_Procedure	🟢 R	30/06/2020 14:22	Microsoft Word D...	47 KB
TD37B-LCV_Checks	🟢 R	25/02/2020 13:26	Microsoft Word D...	341 KB
TD39_Driver_Licence_Renewal	🟢 R	04/02/2020 12:22	Microsoft Word D...	595 KB
TD40-Workshop_Staff_Induction_Sheet	🟢 R	16/04/2020 14:55	Microsoft Word D...	23 KB
TD41_Fuel_Allocation_Procedure	🟢 R	06/05/2020 13:08	Microsoft Word D...	1,865 KB
TD42_Driver_Licence_Checks	🟢 R	14/04/2020 14:34	Microsoft Word D...	1,106 KB
TD43_Driver_Declaration_Form	🟢 R	28/02/2020 14:15	Microsoft Word D...	39 KB

Audit Actions

Area	Actions	Future Actions/Completion
Fleet Software	<ol style="list-style-type: none"> 1. Vehicle details are now correct on Tranman – Ensuring Inspection compliance with the ‘O’ Licence 2. New vehicle Classes and codes added to ensure consistency and ease of forward planning 3. Costs correctly attributed to individual job cards for vehicles. 	<ol style="list-style-type: none"> 1. Complete 2. Complete 3. New software will enable consumables and environmental charges to be added by the new class coding – Completion date October 2020

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Audit Actions

Area	Actions	Future Actions/Completion
Vehicle Cost Recording	<ol style="list-style-type: none">1. Recharge method is still by apportionment of existing budget rather than real weighted costs<ul style="list-style-type: none">• Vehicle, Plant and small tools database is weighted by age, type & ancillaries.• To be finalised with Service areas	<ol style="list-style-type: none">1. To agree the weighted cost method, based on vehicle age, type and ancillaries. This will provide accurate data for running services – Completion date March 2021

Audit Actions

Area	Actions	Future Actions/Completion
Stock Control	<p>1. Stock Control –</p> <ul style="list-style-type: none">• Phase one<ul style="list-style-type: none">• Part numbers entered on to job cards• Impress Stock – Fast moving items now recorded• Price challenging	<p>1. Phase two</p> <ul style="list-style-type: none">• Stock module on new software• Depot Operative to check non-impress stock <p>– Completion date March 2021</p>

Audit Actions

Area	Actions	Future Actions/Completion
Operators Licence	<p>1. 'O' Licence vehicles inspections required by VOSA (DVSA).</p> <ul style="list-style-type: none">• 6 weekly inspections agreed – Save time and increased frontline operational flexibility• Correct time allocations for service inspections<ul style="list-style-type: none">• A Service – 2 ½ hours• B Service – 4 hours• C Service – 20 hours	<p>1. Complete</p>

Other activity (not directly relating to audit)

- Customer survey
- Development of performance measures
- SLA's
- Naming Protocols to allow for data integration and reporting
- Developing a Whole life Costing approach for vehicles and plant
- Developing monthly fleet cost reports per service down to per vehicle
- Standardisation of vehicles – Flexibility across services