

SUBJECT: OFFICER RESPONSE – AUDIT REPORT – FUEL CARDS FOLLOW UP – May 2019

MEETING: AUDIT COMMITTEE

DATE: 19TH March 2020

DIVISION/WARDS AFFECTED: N/A

1. PURPOSE:

The Chair of the Audit Committee has asked that officers responsible for the service provide a written response to the internal audit report advising that a service (specifically the provision of fuel cards) had been issued with a 'limited opinion' on two occasions.

Officer comments are provided in the 'key issues' section below:

2. RECOMMENDATIONS:

That members of the committee note the contents of this report and ask questions as they see fit.

3. KEY ISSUES:

In the email enquiry the chair of the committee commented that the committee was concerned that:

- (1) no improvement was noted in the follow up audit report (May 2019),
- (2) why the audit recommendations had not been followed
- (3) what steps have now been taken to rectify the situation.

The original audit report (2017/18) provided a 'limited opinion' and the follow up report (undertaken in February 2019, issued May 2019 and reported to service officers in July 2019) similarly returned a 'limited opinion'.

In particular the follow up report highlighted that a new contract for a fuel card provider had not been put in place. A new contract was not let subsequent to the original report but a call off agreement with the provider at that time (effectively a twelve month extension) was put in place as from September 2018 (effective from September 2018 but not signed by the provider until February 2019).

By July 2019 procurement colleagues had confirmed that a new contract may be awarded using the Crown Commercial Services (CCS) framework agreement subject to a benchmarking exercise.

Officers undertook the mini competition/benchmarking exercise in October 2019 and the detail of the new contract was clarified with the new provider in December 2019.

The final 'call'off' form (form of contract) was signed by the authority and the provider in February 2020.

This was a significant delay between the original audit recommendation to let a new contract and a new contract being agreed.

In discussion with service officers it was highlighted that the delay was predominantly as a result of staff resources being prioritised on other projects at that time.

The audit investigation and subsequent recommendations coincided with a significant increase in workloads and responsibility as the operational management of the passenger transport unit (PTU) transferred to the Fleet Manager during 2018. The PTU service demanded a significant investment in time by the Fleet manager and staff. Whilst the letting of a new contract for a fuel card provider was recognised as important it was confirmed in discussion with the head of service that an agreement was in place with the provider at that time and that meetings with the fuel card provider were taking place, albeit ad hoc, and fuel monitoring was also taking place (e.g. comparisons between bunkered fuel cost and forecourt price). As such the senior officers at the time decided that the letting of the fuel card contract be delayed as fuel use was being monitored although not formally recorded.

As mentioned above the issues has since been addressed through a tender exercise and a new contract is in place.

Other 'red' recommendations in the follow up report highlighted that the contract extension was only signed by the authority at the time of the inspection but was signed by the provider on the advice of audit.

'Amber' recommendations highlighted that contract monitoring was not in place. The monitoring that did take place was on an ad hoc basis and not formally recorded but this has now been addressed with quarterly monitoring meetings being organised with the provider and records kept of actions.

Further 'amber' recommendations referred to the lack of formal training and handbook for card users (now addressed), and records of requests for cards not retained (now addressed). although the monitoring of fuel usage would undertaken to highlight fraudulent use.

4. OPTIONS APPRAISAL

Not applicable

5. EVALUATION CRITERIA

Not applicable

6. REASONS:

The follow up audit report highlighted that recommendations had not been implemented subsequent to the original audit report in 2017/18.

This report describes why the implementation was delayed and what action has been taken since the follow up report in 2018/19.

7. RESOURCE IMPLICATIONS:

None arising directly from the report.

The audit report highlighted the risk of the authority incurring additional costs and potential lack of control. Whilst the report highlighted the risk no specific additional costs or fraud were found during the report preparation. Nevertheless the implementation of the audit recommendations have reduced the risk for the future.

8. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING):

NONE ARISING FROM THE REPORT

9. CONSULTEES:

Fleet management staff

10. BACKGROUND PAPERS:

Nil

11. AUTHOR:

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(Head of Operations at time of the audit reports)**

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