



PFCC Cumbria & Cumbria Constabulary

Assurance Review of Fleet - Fuel Usage

January 2025

Final



# Executive Summary

## OVERALL ASSESSMENT



## ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Fraudulent purchasing of fuel and unnecessary expenditure.

## SCOPE

The audit reviewed the arrangements in place for ensuring there are appropriate controls in place in relation to fuel usage and security of fuel cards.

## KEY STRATEGIC FINDINGS

- There is currently no policy or documented procedures in place defining controls and accepted practices in relation to fuel usage.
- Reporting is delegated to each area Finance Manager who provides their own reports. Fuel reporting is limited to overall expenditure and a recommendation has been made to expand on what is reported.
- Whilst not defined in policy, it is expected that fuel card holders use standard, rather than premium, fuel. Cases of non-compliance were identified.
- The Fleet Department receives monthly invoices for all fuel expenditure. These are reviewed for any inconsistencies or fuel misuse.

## GOOD PRACTICE IDENTIFIED

- All inconsistencies within the last three months had been investigated by the Fleet Management Information Officer.

## ACTION POINTS

Urgent	Important	Routine	Operational
1	2	3	0

## Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p>There is no formal policy or documented procedures in place for fleet fuel usage and fuel cards. The Fleet Services team confirmed that the department has recently undergone changes in responsibility, and it was identified that a policy had not yet been established.</p> <p>Although some procedures are established in practice, these have not yet been documented. Controls and expected standards of use are hindered in the absence of a clearly defined policy for which compliance should be measured against.</p>	<p>A Fuel Usage Policy be created that defines expectations in relation to acceptable use of fuel cards and supporting arrangements including responsibilities, arrangements for the issue and control of fuel cards, security of fuel cards, arrangements to ensure value for money, and monitoring arrangements.</p> <p>Supporting documented procedures must also be documented to provide detail of processes.</p>	1	<p><b>Specific</b> – Fleet governance, policies and procedures are to be created to align to the recently created national Police Maintenance Standards. Setting out standard operating procedures for the fleet team and all core activities, Fuel usage and management being one of those areas.</p> <p><b>Measurable</b> – Once established a robust internal audit plan is to be implemented to revise and refine policies and process.</p> <p><b>Achievable</b> – Yes, Superintendent O'Hara will oversee core business and underpin all fleet activities.</p> <p><b>Relevant</b> - Fleet team need to implement policy and guidelines to aid business continuity, drive best practice and be compliant to national standards.</p> <p><b>Time Bound</b> – To be progressed by 31<sup>st</sup> March 2025.</p>	31 March 2025	Superintendent Enabling Services / Corporate Support Paddy O'Hara.

**1** **URGENT** Fundamental control issue on which action should be taken immediately.

**2** **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.



**3** **ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	<p>Staff who receive a fuel card are given a memorandum to sign to acknowledge they have received the card. The memorandum does not include a statement that staff are agreeing to any terms of use. Discussions with the Head of Fleet confirmed that this would be a suitable recommendation, but it would be beneficial for a declaration be signed on graduation of the driving school to capture all officers rather than just the assigned officer of a vehicle.</p> <p>There are 450 fuel cards in use, of which 350 vehicle cards are left in the vehicles for any driver of that vehicle to use and there are 100 cards issued as bearer cards to individuals for use in hire cars. All drivers likely to use a fuel card should agree to appropriate terms.</p> <p>Terms of use must first be established within the Policy (per Recommendation 1).</p>	Staff to sign a terms of use declaration upon receipt of a fuel card.	2	<p><b>Specific</b> – In conjunction with Rec 1, memorandum to be updated to include a declaration. Recognising this will only cover a very limited number of staff (322 vehicles to circa 2000 constabulary employees = 16.1% at best captured in this method), a secondary measure to capture all employees to be sought.</p> <p><b>Measurable</b> – Once implemented records can be studied to seek capture rate.</p> <p><b>Achievable</b> – Yes, however very resource dependant.</p> <p><b>Relevant</b> – Terms of use need to be understood within the area of business.</p> <p><b>Time Bound</b> – In line with Rec 1.</p>	31 March 2025	Superintendent Enabling Services / Corporate Support Paddy O'Hara.

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3	Directed	<p>The Constabulary attempts to ensure value for money in fuel spending by posting updates onto the intranet about tips to reduce fuel costs. For example, the use of fuel cards at key fuel sites that offer discounts. The driving school also outlines that standard fuel is to be used at all times.</p> <p>During testing it was established that premium fuels are being used occasionally, accounting for between 6-9% of the expenditure within the last three months. The Change Team are currently looking to introduce an application called Petrol Prices which will inform officers where the cheapest fuel is relative to their location. Whilst this will require the officers to check the app manually, it will give them a tool to reduce costs.</p>	A reminder be communicated to the Constabulary highlighting the required use of standard fuel over premium and this position be clearly established in the new policy to be created.	2	<p><b>Specific</b> – Need to Know/ In Touch to be put out highlighting the preferred use of standard fuel.</p> <p><b>Measurable</b> – Over time and review should see a measurable decrease in use of premium fuel.</p> <p><b>Achievable</b> – Yes.</p> <p><b>Relevant</b> – Yes, decrease in premium fuel usage will ultimately drive down costs to the constabulary.</p> <p><b>Time Bound</b> – Complete by 31 Oct 24.</p>	<p>Complete by 31 Oct 24.</p> <p> Tiaa follow up action.msg</p>	Fleet Management Information Officer
4	Directed	A sample of 20 vehicles was selected for testing to confirm that a Commissioning Checklist was completed prior to issuing a fuel card for the vehicle. Only six checklists were evidenced and a discussion with the Fleet Management Information Officer established that these were only available for new marked vehicles of which only six were in the sample. The checklists were fully completed however there is nothing on the form to indicate who completed and signed off the checklist. It was noted that it is usually the same person who completes the checks.	The vehicle checklist be updated to include a field for who completed the checklist.	3	<p><b>Specific</b> – Update vehicle pre issue checklist to include staff completion element.</p> <p><b>Measurable</b> – Yes, complete.</p> <p><b>Achievable</b> – Yes.</p> <p><b>Relevant</b> – Yes, allows the fleet team to track who commissioned the vehicle into service and process followed.</p> <p><b>Time Bound</b> – Complete.</p>	<p>Complete by 31 October 2024</p> <p> Commissioning Check List.docx</p>	Interim Head of Fleet

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5	Delivery	Discussions with the Head of Fleet confirmed that reconciling fuel expenditure against mileage would have limited value, given the varied and operationally necessary reasons for vehicles to remain idle such as scene management, accident protection, or keeping dogs cool in vehicles.  Overall fuel consumption, however, is monitored and any significant discrepancies that arise are investigated by the Fleet Management Information Officer when conducting their review of the monthly invoices., If anything appears significantly out of expectation it is raised with the Head of Fleet. There is no set threshold for what is considered out of expectation, so this is recommended to be set out within any new policy or procedure documents to avoid ambiguity.	The process of monitoring fuel consumption should be updated to include a threshold for escalating issues to the Head of Fleet.	3	<b>Specific</b> – Thresholds to be identified and implemented as part of Rec 1. <b>Measurable</b> – Once implemented tested to prove breaches identified and dealt with. <b>Achievable</b> – Yes. <b>Relevant</b> – Yes as per Rec 1. <b>Time Bound</b> – In line with Rec 1.	31 March 2025	Superintendent Enabling Services / Corporate Support Paddy O'Hara.
6	Delivery	Discussions with the Fleet Department confirmed that the monthly invoices received do separate amounts for standard and premium fuels. The use of premium fuel is not followed up by the fleet department as standard practice but there have been some cases investigated to establish what the justification was as the constabulary mandates that only standard fuel should be used. For example, in May 2024's invoice premium fuel across petrol and diesel equalled £8,534.68 which was 8.7% of the that month's invoice. However, whilst this is monitored, this is not reported and, due to budgets being devolved, it is challenging for the department to assess how premium fuel is impacting individual budgets.	Expenditure on premium fuels be included within the Fleet Detailed Budget Monitoring Reports alongside General fuel expenditure.	3	<b>Specific</b> – This is already conducted within the Allstar fuel returns however it is not actioned by local commanders who hold the devolved budgets. This needs to be strengthened and monitored in conjunction with policy creation. <b>Measurable</b> – Monitor returns for improvement. <b>Achievable</b> – Yes. <b>Relevant</b> – Yes, assist the fleet team to drive savings. <b>Time Bound</b> - In line with Rec 1.	31 March 2025	Superintendent Enabling Services / Corporate Support Paddy O'Hara.

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## Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters were identified.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

## Assignment Engagement Details

TIAA Auditors	Title	Contact Email	Telephone
James Back	Senior Auditor	James.Back@tiaa.co.uk	07814581890
Martin Ritchie	Director of Audit	Martin.Ritchie@tiaa.co.uk	07717746714

Constabulary Staff	Title
Ian Shaw	Interim Head of Fleet
Diane Hill	Fleet Management Information Officer

<b>Exit Meeting Date</b>	10 <sup>th</sup> September 2024
<b>Attendees</b>	Ian Shaw, Diane Hill

<b>Director/Commander Comment</b>	<p>Issues have been addressed and recommendations now accepted. Some challenge in practical application to ensure all users sign a document of acknowledgement, especially around timescale but no issues from a policy perspective.</p> <p>Chief Superintendent 1492 Matt Kennerley 11.12.2024.</p>
<b>Deputy Chief Constable's Comment</b>	<p>I have read the TIAA report and I agree with the 'priority ratings i.e. 1 x urgent, 2 x important and 3 x routine and accept the recommendations.</p> <p>I also note and agree with the 'managements comments' but have suggested that the 'timescale for implementation' of recommendation in the original report is deferred to March 2025 in order to ensure that the policy follows the appropriate governance and decision making.</p> <p>In summary, a helpful and insightful audit, given costs associated with fuel expenditure which, subject to the above comments are accepted and will be progressed by the constabulary.</p> <p>DCC Darren Martland 08/01/2025</p>
<b>Considered for Risk Escalation</b>	



# Findings





## Directed Risk:


Failure to properly direct the service to ensure compliance with the requirements of the organisation.


Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	<b>Governance Framework</b> There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Not in place	1 & 2	-
RM	<b>Risk Mitigation</b> The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Partially in place	-	-
C	<b>Compliance</b> Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	3 & 4	-

## Other Findings

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Fleet Services/Department issue fuel cards for every new vehicle. It is expected that this will stay with the vehicle and if the fuel card is lost it needs to be reported and it will be cancelled. A new card will then be issued assigned to the vehicle. The Fleet Management Information Officer receives monthly invoices which detail each transaction made on fuel cards and conducts a review to ensure that fuel is being spent on police vehicles and challenges any areas that look suspicious.
- 

Individual receipts are not requested as an invoice is received each month which confirms expenditure on each fuel card.
- 

It was confirmed that there has been no formal investigation recently into fuel misuse. The most common issue requiring investigation is fuel cards being used for the wrong service vehicle.
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A review of the last three month's invoices identified 14 transactions out of over 450 that showed a fuel card making a payment for both petrol and diesel. In one transaction which contained both fuel types for the same vehicle, this was investigated and confirmed that the vehicle had a small fuel tank in the back for tools. The other 13 transactions related to one fuel card being used to purchase fuel for its assigned vehicle and another police vehicle. Discussions with the Fleet Management Information Officer confirmed that this happens often and usually due to the fuel card not being able to be found. The team does communicate that fuel cards should only be used to purchase fuel for its assigned vehicle. Once a Fuel Policy has been established, this procedure should be included within the document to ensure staff are aware of the constabulary stance and be clear on the accountability and responsibilities of cardholders.





### Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	<b>Performance Monitoring</b> There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Partially in place	5 & 6	-
S	<b>Sustainability</b> The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	<b>Resilience</b> Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Out of scope	-	-

### Other Findings

-  Reporting is conducted on a monthly basis, and it is a responsibility of each Finance Officer to report their department's performance against the budget. This includes the expenditure on vehicle fuel.
-  The Constabulary does have a small fleet of electric vehicles that are all charged at the force headquarters. Fuel/charging cards are therefore not issued to these vehicles due to the lack of public charging.

**Scope and Limitations of the Review**

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

**Disclaimer**

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

**Effectiveness of Arrangements**

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

<b>In place</b>	The control arrangements in place mitigate the risk from arising.
<b>Partially in place</b>	The control arrangements in place only partially mitigate the risk from arising.
<b>Not in place</b>	The control arrangements in place do not effectively mitigate the risk from arising.

**Assurance Assessment**

4. The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved.
<b>Reasonable Assurance</b>	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed, and process objectives achieved.
<b>Limited Assurance</b>	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed, and process objectives achieved.
<b>No Assurance</b>	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

**Acknowledgement**

5. We would like to thank staff for their co-operation and assistance during the course of our work.

**Release of Report**

6. The table below sets out the history of this report:

Stage	Issued	Response Received
<b>Audit Planning Memorandum:</b>	29 <sup>th</sup> August 2024	29 <sup>th</sup> August 2024
<b>Draft Report:</b>	24 <sup>th</sup> September 2024	
<b>Revised Draft Report:</b>	1 <sup>st</sup> November 2024	9 <sup>th</sup> January 2025
<b>Final Report:</b>	9 <sup>th</sup> January 2025	