

The Highland Council
Community Services Committee

21 August 2014

Agenda Item	22
Report No	COM/30/14

Internal Audit Reports

Report by Director of Community Services

Summary

This report provides an overview of the following Internal Audit reports, relating either wholly or in part to the Community Services Service, considered by the Audit and Scrutiny Committee on the 19th June 2014 and progress with the related management actions that were agreed at that Committee and since with the Head of Internal Audit & Risk Management:

- School Transport
- Outsourced Grass Cutting Contract – Monitoring and Payment Arrangements

1. Introduction

- 1.1. The Audit and Scrutiny Committee received report AS/7/14 on the 19 June 2014 which provided information about Internal Audit Reviews undertaken including an Audit Opinion, Management Summary Report and Action Plans for each review.
- 1.2. Since then, and with the agreement of the Council's Head of Internal Audit & Risk Management, Community Services Officers have reviewed and updated the audit action plan and the target completion dates for the Outsourced Grass Cutting Contract (Monitoring and Payment Arrangements).
- 1.3. The Audit Opinions are reproduced and progress against the management actions is reported. The current Action Plans are provided in **Appendices A and B**.

2. Progress with management actions

2.1. School Transport Audit

- 2.2. The focus of this audit was on the application process for school transport and allocation of pupils to routes. The objectives of the review were to ensure that:
 - (i) Pupils allocated to school transport routes have been allocated correctly and in compliance with the School Transport Policy;
 - (ii) Rejected transport applications have been processed correctly and in compliance with the School Transport Policy; and
 - (iii) The School Transport Policy is adhered to for the granting and withdrawal of concessionary places.

2.3. The audit opinion for this audit is as follows:

“It is the opinion that **Substantial Assurance** can be given in that while there is generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.”

2.4. The audit recommended some changes to the current School Transport Policy, including greater clarity on entitlements and procedures. The Transport Co-ordination Unit is working with the Care & Learning Service on these issues, and a report is being made to the Education, Children & Adult Services Committee.

2.5. The audit recommended some minor procedural changes, which are now either completed or in progress.

2.6. The audit also found one pupil who was wrongly awarded free school transport. This was investigated and it was found that the pupil was expected to be entitled to transport on road safety grounds, but pending a route assessment was still recorded as non-entitled. Subsequent assessment of the route confirmed entitlement on the grounds of road safety and the eligibility status was corrected.

2.7. A copy of the action plan is attached, with a statement of the current position added.

2.8. **Outsourced Grass Cutting Contract - Monitoring and Payment Arrangements.**

2.9. The audit opinion for this audit is as follows:

“It is the opinion that **Limited Assurance** can be given in that weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.”

2.10. The audit investigated the system of controls in place during 2012/13. These have since been updated to address weaknesses and there is ongoing improvement.

2.11. The audit report identified that effective performance reporting and lack of targeted inspections required improvement. Initial development work to the existing inspections database has now been completed, which enables inspections to be targeted and the production of accurate monthly management reporting and reporting to Area Committees, the first being Skye Ross & Cromarty Committee on 6 August 2014 to be provided. Regular staff briefings have also ensured inspections are targeted and at an appropriate level based upon complaints and contractor performance

- 2.12. Outstanding actions and target completion dates running forward to September 2015 are confirmed in the action plan provided in **Appendix B**. The Head of Internal Audit & Risk Management is content that Officers have taken a realistic view in setting these dates in consultation with him.
- 2.13. A previous item on this agenda has provided information on the on-going strategy and options being reviewed for future delivery of the grass cutting as part of the grounds maintenance service.

3. Implications

- 3.1. This report has no impact on equality, Gaelic, Climate Change/Carbon Clever or rural considerations nor are there any resource, legal or risk implications.
- 3.2. The management actions in relation to School Transport will help to ensure that pupils have equal access to school transport within the Council's School Transport Policy.

Recommendation

The Committee is invited to:

- i. Note that some actions have already been completed and process improvements implemented; and
- ii. Note that the Action Plans as they relate to incomplete actions have been reviewed with the Head of Internal Audit & Risk Management and that the target dates are considered to be realistic and achievable.

Designation: Director of Community Services

Date: 11 August 2014

Author: Richard Evans, Head of Roads and Transport

4. ACTION PLAN

APPENDIX A

The Action Plan contains **2** recommendations as follows:

Description	Priority	Number
Major issues that managers need to address as a matter of urgency.	High	0
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	2
Minor issues that are not critical but managers should address.	Low	0
Total recommendations		2

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION		CURRENT POSITION
					RESPONSIBLE OFFICER	TARGET DATE	
3.1	Medium	(i) There is scope to improve the information within the STP in order to provide greater clarity to parents/ guardians including: <ul style="list-style-type: none"> The need to promptly inform relevant parties (e.g. schools and parents/guardians) when school transport changes occur following approval of a new contract; Entitlement to travel to Gaelic medium schools/units; Details of the points system used when allocating concessionary places where there are more concessionary pupils than bus places available. 	(i) The necessary amendments should be made to the STP.	Incorporate recommendations into draft revised STP. Report to Education, Children & Adult Services Committee.	Transport Development Officer Head of Support Services	30/06/14 28/08/14	Discussed with C&L - awaiting response on progress of Committee Report

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION		CURRENT POSITION
					RESPONSIBLE OFFICER	TARGET DATE	
3.1 (cont'd)		<ul style="list-style-type: none"> There is no guidance provided in order to ensure that there is consistency between the different satellite offices regarding who is responsible for deciding the provision of free school transport in exceptional circumstances. 	In addition, the Transport Development Officer (TDO) should discuss with the Care and Learning Service the issue of responsibility for decision making of free school travel in exceptional circumstances and include this either in the STP or the procedures for School Transport officers.	Currently these are referred to Area Education Managers if there is no precedent or prior policy. Will discuss with Local Transport Officers and include in guidance.	Transport Development Officer	30/06/14	On agenda for Local Transport Officers meeting 13/08/14
		(ii) The STP does not state the notice period that must be given to affected parties following a change of contract.	(ii) The TDO should discuss with the Council's Procurement section the need for a notification stage at the end of the whole procurement process for the next school transport contracts, ensuring time is built into the procurement process to allow communication with schools and parents/guardians.	Discussion as recommended, following completion of current mid-term tender exercise.	Transport Development Officer/ Principal Contracts Officer	31/07/14	Initial discussions held – agreed to review after current tendering exercise
			For mid-term contract changes (e.g. due to poor performance or contract surrender by the contractor) the TDO should review the practicalities of these	Discuss with Local Transport Operators and include in operating guidance.	Transport Development Officer	31/07/14	On agenda for Local Transport Officers meeting 13/08/14

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION		CURRENT POSITION
					RESPONSIBLE OFFICER	TARGET DATE	
			changes and determine principles when notice should be given to schools and parents/guardians, while still ensuring flexibility – particularly around non-contentious changes.				
3.1 (cont'd)		<p>(iii) The STP does not include the length of notice that should be given to affected parties when concessionary seats are to be withdrawn in order to be provided to entitled pupils. The letter to parents/guardians of pupils granting concessionary places now includes the text that the concessionary place may be withdrawn at not less than 2 weeks' notice but this is not reflected in the policy.</p> <p>(iv) The STP states that concessionary transport is not guaranteed for any period of time, but does not include possible circumstances which would lead to a withdrawal of</p>	<p>(iii) The STP should include the statement in the concessionary place letter, that the place may be withdrawn at not less than 2 weeks' notice.</p> <p>(iv) The STP and the standard concessionary place letter to parents/guardians should include the possible circumstances which would lead to a withdrawal of</p>	<p>Include in revisions of STP as above.</p> <p>Include in revisions of STP as above.</p>	<p>Transport Development Officer</p> <p>Transport Development Officer</p>	<p>30/06/14</p> <p>30/06/14</p>	<p>Added to draft policy.</p> <p>Added to draft policy. Letter is on agenda for Local Transport Officers meeting</p>

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION		CURRENT POSITION
					RESPONSIBLE OFFICER	TARGET DATE	
		concessionary transport (e.g. change of transport capacity, change of route, change of provider).	concessionary transport, while stating this list is not exhaustive.				13/08/14
		(v) Satellite offices do not have guidance regarding what documents should be retained and for how long.	(v) The TDO should contact Records Management regarding the period of document retention and make staff aware of this through team meetings, and include this in the procedures.	Action as recommended.	Transport Development Officer	30/06/14	Completed

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION		CURRENT POSITION
					RESPONSIBLE OFFICER	TARGET DATE	
3.2	Medium	<p>In a review of entitled pupil applications the following issues were found:</p> <p>(i) The letter sent to parents/guardians informing pupils that they have been awarded an entitled free school bus place or a concessionary paid bus place does not include the requirement that parents/guardians notify their local transport office of any changes to their home address or if they change school.</p> <p>(ii) For pupils in Foster Care school transport application forms were not completed because the Council, through ECS and Health and Social Care (HSC), funded the transport. The TDO has stated that these pupils</p>	<p>(i) A statement should be added to the school transport award letter requiring parents/guardians to notify their local transport office of any changes to a pupil's home address or if they change school.</p> <p>(ii) A school transport form should be completed for pupils in Foster Care and the TDO should discuss with the Care and Learning Service the funding of such places and who is responsible for these pupil's school transport applications.</p>	<p>Action recommended. as</p> <p>Discuss volume & process with Local Transport Officers and then with the Care & Learning Service.</p>	<p>Local Transport Officers</p> <p>Transport Development Officers</p>	<p>30/06/14</p> <p>28/08/14</p>	<p>On agenda for Local Transport Officers meeting 13/08/14</p> <p>Discussed with Ron Mackenzie 06/08/14 and on agenda for Local Transport Officers meeting 13/08/14</p>

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION		CURRENT POSITION
					RESPONSIBLE OFFICER	TARGET DATE	
		<p>should have a form completed.</p> <p>(iii) 1 entitled pupil had been wrongly awarded free school travel given school transport but lived within 3 miles of the school, contrary to the STP.</p>	<p>(iii) The circumstances behind this award and the pupil's entitlement to free transport should be reviewed by the satellite office and they should make the necessary amendments.</p>	<p>Details obtained, and case has been reviewed with Local Transport Officer. The pupil was 2.7 miles from school but on a route which at the time of granting transport was assumed to be unsafe to walk. Subsequent assessment has confirmed this, and new applicants from the area are being granted eligible status due to road safety.</p> <p>Work still required to update eligibility status of older pupils.</p>	<p>Transport Development Officer</p>	<p>Complete</p>	<p>Complete</p>
					<p>Local Transport Officer</p>	<p>14/08/14</p>	<p>In progress for completion of pupil lists for new school session</p>

AUDIT REPORT ACTION PLAN

APPENDIX B

Report Title

Report No.

Community Services – Outsourced Grass Cutting Contract - Monitoring and Payment Arrangements	HH02/002
---	-----------------

The Action Plan contains **3** recommendations as follows:

Description

Major issues that managers need to address as a matter of urgency.

Priority **Number**

High 1

Important issues that managers should address and will benefit the Organisation if implemented.

Medium 2

Minor issues that are not critical but managers should address.

Low 0

Total recommendations

 3

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1	High	(1) The percentage of site inspections performed does not accord with the actual performance. As a result some areas had an excessive number of inspections where as others had a lesser number.	(1) To ensure resources are appropriately targeted, an effective site inspection monitoring regime should be established which minimises the risk of unnecessary inspections but ensures that areas where there is poor performance is reviewed more frequently and any remedial action required is addressed promptly.	Finalise work schedule/planner with database to track work across all 22 wards, split by work type and contractor/DSO whilst allowing for complaint based inspections.	Roads & Community Works Manager	31/07/14
		(2) The site inspection guidelines have not been followed consistently when scoring performance.	(2) To ensure site inspections are consistently calculated in accordance with the score and grading criteria, guidance should be provided to all relevant officers. The officers involved in undertaking site inspections should then ensure that they consistently follow the guidance provided.	a) Fortnightly section briefings supported by training sessions and 1-1 meetings. b) Reassessment of section staff structure to reduce dependency on temporary seasonal staff, proposals to be submitted to Head of Roads & Transportation.	Roads & Community Works Manager Roads & Community Works Manager	Impl'mtd from April 2014 30/11/14

AUDIT REPORT ACTION PLAN

APPENDIX B

Report Title

Report No.

Community Services – Outsourced Grass Cutting Contract - Monitoring and Payment Arrangements	HH02/002
---	-----------------

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
		(3) The Breach Standards Log was inaccurate and incomplete. In addition, the contractor is not requested to provide documentary evidence that breaches have been satisfactorily rectified within the prescribed timetable.	(3) The guidance at (2) above should also ensure that the Breached Standards Log is completed at the correct time and that all required information is accurately recorded. Both the DSO and the contractor should be requested to provide documentary evidence which demonstrates that any breaches have been satisfactorily addressed within the required timescale. This could be done by providing digital photographs which also contain the date and time.	a) Reviewed by section leader as part of fortnightly contract progress meetings. b) Requirement for contractor/DSO to provide digital record of completed works to be included in specification of next contracts. (Electronic data recording system to be trialed in 2014/15 and 2015/16.)	Roads & Community Works Manager	Impl'mtd from April 2014
		(4) A Work Programme is maintained and updated to record when work is performed by the DLO and the contractor.	(4) Consideration should be given to removing the need to maintain the Work Programme, particularly where it is not necessary for sites maintained by the contractor.	Transfer of contract information into RCW asset management system (WDM) to allow CS Areas to produce locally managed programmes. Resources will be subject to approval of review under 3.1 (3, b) ICT sign off and implementation required.	Roads & Community Works Manager	31/03/15 31/09/15

AUDIT REPORT ACTION PLAN

APPENDIX B

Report Title

Report No.

Community Services – Outsourced Grass Cutting Contract - Monitoring and Payment Arrangements	HH02/002
---	-----------------

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
		(5) Performance reports did not state whether satisfactory performance was being delivered. It was found that the information contained in the reports was not meaningful to provide No standard reporting format is used to provide meaningful information for effective Committee scrutiny and evaluation.	(5) A more appropriate and effective method of reporting needs to be provided in order to enable effective scrutiny of performance.	a) Produce standardised report using factual data as per 3.1 (1). To include section for ACSM commentary. b) Monthly management reporting to ACSM's. c)Automation of reporting process using WDM Asset Management	Roads & Community Works Manager/ACSMs	31/08/14 Complete July 14
3.2	Medium	(1) Costs associated with sub-standard work were not recovered from the contractor. (2) Existing Work Instruction records were overly comprehensive considering the minor amounts involved.	(1) Costs relating to substandard work should be recovered in a timely manner. (2) A more efficient recording system should be devised concerning Work Instruction records, such as creating a folder to hold all scanned instruction forms electronically. Consideration should be given to simplifying the information recorded on Work Instructions.	Finalisation of discussions with contractor for 2013. a) Issue of bulk map update and variation order for 2012/2013. b) Monthly issue of contract variation orders by the procurement section.	Roads & Community Works Manager	30/06/14 30/04/14 (Issued Apr 14) 31/07/14 (In place ongoing)

AUDIT REPORT ACTION PLAN

APPENDIX B

Report Title

Report No.

Community Services – Outsourced Grass Cutting Contract - Monitoring and Payment Arrangements	HH02/002
---	-----------------

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.3	Medium	(1) Delays in reporting the Work Programme information led to recharges not being processed in a timely basis.	(1) The DLO work programme should be reviewed to evaluate whether the work records are sufficient enough to remove the need for maintaining a Grounds Maintenance Work Programme.	Completion of 3.1 (4) will include review of work programmes. Use of WDM asset management database to facilitate recording works completion.	Roads & Community Works Manager	31/03/15
		(2) Work Programme records are retained relating to the external contractor for Service recharges whereas recharges could be based on the assumption the contractor was fulfilling the contract, therefore avoiding unnecessary use of resources.	(2) The need to record details of the work performed by the contractor should be removed as this should be addressed through contract management arrangements. The element of work performed by the external contractor should be made on the assumption the contractor has performed satisfactorily unless informed otherwise.	a) Works delivered by the contractor are recorded as part of contractors monthly invoice submission. Verification /monitoring to continue as part of the Contract Management process.	Roads & Community Works Manager	30/08/14
		(3) The current arrangements are inefficient as the work programme for both the contractor and the DSO involves frequent travel to the same location at the same time to perform different maintenance tasks.	(3) Grounds maintenance inefficiencies should be reviewed and amended accordingly through better packaging of work.	b) Service recharges to be set up with CS Finance Manager. HC wide review of delivery of grounds maintenance. Report to November Community Services Committee.	Roads & Community Works Manager Head of Roads & Transportation	31/08/14 30/11/14