

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 14 March 2017

**BY:** Depute Chief Executive – Resources & People Services

**SUBJECT:** Internal Audit Report – Home to School Transport

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## **1 PURPOSE**

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Home to School Transport.

## **2 RECOMMENDATION**

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

## **3 BACKGROUND**

- 3.1 As part of the audit plan for 2016/17 a review was undertaken of the arrangements in place for Home to School Transport.
- 3.2 The main objective of the audit was to ensure that the internal controls in place were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

## **4 POLICY IMPLICATIONS**

- 4.1 None

## **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **6 RESOURCE IMPLICATIONS**

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

## **7 BACKGROUND PAPERS**

7.1 None

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<b>DATE</b>	2 March 2017

## **EAST LOTHIAN COUNCIL – INTERNAL AUDIT HOME TO SCHOOL TRANSPORT**

### **1. EXECUTIVE SUMMARY**

#### **1.1 Introduction**

A review of Home to School Transport for Mainstream and Additional Support Needs (ASN) pupils was undertaken as part of the Audit Plan for 2016/17. A summary of our main findings is outlined below.

#### **1.2 Areas where Expected Controls were Met**

- A detailed record is maintained by Transport Services of all Home to School routes currently in operation.
- For the sample of invoices examined, all invoices had been authorised by a designated officer prior to being passed for payment.

#### **1.3 Areas with Scope for Improvement**

- There was a lack of adequate segregation of duties – all key tasks including route evaluation, agreeing rates with providers, awarding of routes and the checking of invoices are currently being undertaken by the same officer. *Risk – errors and irregularities may occur and remain undetected.*
- An inconsistent approach was adopted for awarding new routes and the re-awarding of existing routes – in a number of cases, there had been a failure to undertake a tendering exercise. *Risk – failure to demonstrate best value.*
- There had been a failure to ensure that the spreadsheet containing agreed rates for each route clearly differentiated between daily rates and rates per journey. *Risk – errors and irregularities may occur and remain undetected.*
- In one case, the provider's invoice recorded a rate per journey which was inconsistent with the daily rate quoted in their tender submission. *Risk – overpayments may occur.*
- For those routes that had not been tendered, there was a lack of a clear audit trail to evidence the rates that were agreed with providers – in a number of cases we are informed that rates had been verbally agreed and no written confirmation was in place between the Council and the provider in respect of these routes. *Risk – difficulties may arise in resolving disputes with providers.*
- There was a lack of adequate procedures in place to ensure that routes awarded following an emergency request from a service area had subsequently been tendered. *Risk – an inconsistent approach may be adopted.*
- In some cases, there was a lack of documentation to evidence the request for pupil transport from service areas – requests had been received by Transport Services verbally. *Risk – lack of a clear audit trail.*

#### **1.4 Summary**

Our review of Home to School Transport for Mainstream and Additional Support Needs (ASN) pupils has identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

**Mala Garden**  
**Internal Audit Manager**

**March 2017**

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT  
HOME TO SCHOOL TRANSPORT**

**ACTION PLAN**

<b>PARA REF</b>	<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED ACTION</b>	<b>RISK ACCEPTED/ MANAGED</b>	<b>AGREED DATE OF COMPLETION</b>
3.2.1	<p>Management should ensure that a consistent approach is adopted for the awarding of both new routes and the re-awarding of existing routes – routes should be awarded following a tendering exercise or mini competition being undertaken.</p> <p>Management should ensure that Route Evaluation forms are completed for all changes to routes.</p> <p>Management should ensure that all Route Evaluation forms are checked and authorised by a second member of staff.</p> <p>Management should ensure that appropriate procedures are in place to provide guidance to staff for dealing with emergency requests.</p>	Medium	Service Manager –Transport	Agreed – a consistent approach will be adopted and a clear audit trail will be maintained.		April 2017

<b>PARA REF</b>	<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED ACTION</b>	<b>RISK ACCEPTED/ MANAGED</b>	<b>AGREED DATE OF COMPLETION</b>
3.2.1 (cont)	<p>The existing practice of verbally agreeing rates with providers should cease with immediate effect.</p> <p>Management should ensure that verbal requests from service areas for additional routes are followed up with a written confirmation – evidence of the request should be held on file.</p>	<p>High</p> <p>Medium</p>	Service Manager –Transport	<p>Agreed – at present these rates are benchmarked against similar routes. This will now be documented.</p> <p>Agreed – Transport Services will confirm verbal requests by e-mail to service areas.</p>		March 2017
3.3.1	Management should ensure adequate segregation of duties for home to school transport – the existing practice whereby all key tasks are undertaken by the same member of staff should cease with immediate effect.	High	Service Manager –Transport	Agreed – subject to resources being identified.		April 2017

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.4.1	<p>Management should ensure that the spreadsheet containing agreed rates for each route clearly differentiates between daily rates and rates per journey.</p> <p>Rates for individual routes on the spreadsheet should be checked by a second member of staff to confirm accuracy and completeness.</p> <p>Management should ensure that any overpayment identified is promptly recovered from the provider.</p>	High	Service Manager –Transport	<p>Agreed – spreadsheet is being further developed for all routes and is being reviewed by a second member of staff.</p> <p>Agreed</p> <p>Agreed – this is currently being reviewed but will require Procurement and Legal input.</p>		<p>Ongoing</p> <p>April 2017</p>

## **Grading of Recommendations**

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>High</b>	Recommendations which are fundamental to the system and upon which Management should take immediate action.
<b>Medium</b>	Recommendations which will improve the efficiency and effectiveness of the existing controls.
<b>Low</b>	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.