

COMMUNITY TRANSPORT ACTION PLAN - UPDATE

To: **Audit & Accounts Committee**

Meeting Date: **28th May 2019**

From: **Duncan Wilkinson, Chief Internal Auditor**

Purpose: **To provide the Committee with an update on progress with the Community Transport Action Plan, following the previous update to Committee on the 28th March 2019.**

To highlight matters arising as part of the implementation of these actions, and invite the views of Committee members.

Recommendation: **Audit & Accounts Committee is requested to note the progress with the Action Plan.**

<i>Officer contact:</i>		<i>Member contacts:</i>	
Name:	Duncan Wilkinson	Names:	Councillor Mike Shellens
Post:	LGSS Chief Internal Auditor	Post:	Chairman of Audit & Accounts
Email:	Duncan.Wilkinson@Milton-Keynes.gov.uk	Email:	Shellens@waitrose.com
Tel:	01908 252089	Tel:	01223 699170

1. BACKGROUND

- 1.1 There was a major review of Community Transport in Cambridgeshire, culminating in the public meeting on July 31st 2018. A twelve-page Action Plan, presented by the Chief Executive, was reviewed in detail. Additional actions were agreed during the meeting, and these have been added to a final full action plan.
- 1.2 During the meeting it was agreed that Audit & Accounts Committee would maintain oversight of the implementation of recommendations, to ensure they are carried out as planned. The most recent update on Action Plan progress was brought to the meeting of the Committee on the 28th March 2019.

2. CURRENT PROGRESS

- 2.1 A copy of the Action Plan, showing only actions which were not marked as 'complete' at the previous Committee meeting, is provided at Appendix 1. In this document, the numbering of actions has been retained from the original full Action Plan, to ensure continuity.
- 2.2 At the March meeting of the Committee, of the 66 actions in the full Action Plan, 55 (83%) were marked as complete, with evidence provided.
- 2.3 Of the 7 actions which had not been completed at the time of the previous meeting:
 - 2 are ongoing actions, with no expected end date (29%)
 - 1 action has been marked as completed (14%)
 - 4 remain in progress (57%)
- 2.4 At the March meeting of the Committee, a report on the review of Freedom of Information Requests by the Data Protection Officer from Peterborough City Council was also presented. This report included a further 7 agreed actions, which have been appended to the Action Plan as actions 80 – 86. Of these actions:
 - 6 actions have now been marked as completed (86%)
 - 1 remains in progress (14%)
- 2.5 Committee is requested to note the progress with implementation of the Action Plan.

3. MATTERS ARISING

Key areas for the Committee to be aware of are highlighted below.

3.1 PKF Report on Public Funding:

PKF were commissioned to provide an independent estimate of the extent to which public funding subsidised the growth of the FH&E commercial fleet, to provide a basis for recovery action to be taken by the Council, in line with the request from the Audit & Accounts Committee. On the basis of the findings of this report, which was shared with senior

management and the Chairman and Vice Chairman of the Audit & Accounts Committee, negotiations with F&HE regarding the repayment of excess funding have now commenced.

It had previously been anticipated that this report could be shared in full with the Audit & Accounts Committee at the current meeting. However, negotiations with FH&E regarding the reclamation of public funding have progressed more slowly than expected. Negotiations are being led by the Council's Deputy Chief Executive and the Executive Director of Place and Economy, with the Chairman of Audit & Accounts Committee in attendance for the most recent meeting at the start of May. It is felt to be too early to share this report with Committee in the public domain, as this may undermine the ongoing negotiations at this stage.

3.2 Grants to External Organisations Compliance:

The Council is required to comply with the Local Government Transparency Code 2015 requirement to publish details of all grants to voluntary, community and social enterprise organisations. Grants paid by the Council must also be compliant with CCC Finance Regulations regarding authorisation levels and European Union (EU) State Aid requirements, and the Grants to External Organisations Policy, a new policy which came into effect in July 2018 following the Community Transport Investigation. In conjunction with this, the Chief Executive requested that Internal Audit undertake a review of grants to external organisations to check compliance with the new policy.

Internal Audit gave limited assurance over the control environment in relation to grants to external organisations, due to a range of issues that meant the Council was not compliant with the requirements of the Local Government Transparency Code. The Council did not maintain a separate grants register, and issues with inaccurate coding on the financial systems (highlighted and addressed by a previous Internal Audit review, which was reported to Committee in March 2019) meant that published financial information did not provide the required information about grants either. It was not possible to obtain lists of grants from the Council's Directorates.

Satisfactory assurance was provided over compliance with the Grants to External Organisations policy, with five of eight grants reviewed found to be compliant; two partially compliant; and one non-compliant.

A range of recommendations were made to address the findings of the review and these have been implemented at the time of writing. The Grants to External Organisations Policy has been updated to reflect a new process by which services will record grant awards. Finance and the Information Governance Team have worked together with Directors to produce a current Grants Register, and an internet form has also been developed by Information Governance to allow easy notification of grant awards so that the register can be updated on an ongoing basis. This has been launched to staff on the Council's intranet. All other actions, including a review of financial coding and actions to address the grants identified as non-compliant with policy, have also been completed at the time of writing.

A copy of the full report is provided as Appendix 2.

3.3 Social & Education Transport Contract Management:

The Internal Audit team undertook a review of contract management processes within the Social & Education Transport Team (SETT), focusing on the areas of highest risk which had been identified by a previous interim audit report linked to the PKF Community Transport investigation. This review covered arrangements for procurement, contract management including supplier performance monitoring and payment, and business continuity. Areas that were not covered included driver/passenger awareness training, the production of bus passes and DBS badges, and the Total Transport project.

Overall, the team had made progress with their recording and filing systems since the interim report. Internal Audit was able to provide satisfactory assurance over the control environment meaning that some control weaknesses exist which present a medium risk, and satisfactory assurance is over compliance, meaning that some issues were found which should have been prevented or mitigated against.

The key issues identified were that although the team undertakes checks on suppliers to ensure they comply with contract terms and conditions, in practice the process does not ensure annual monitoring of all suppliers, and there is no process to re-check suppliers who have failed a check within a reasonable time period. The service was found to tender contracts using very short time periods even when an emergency procurement was not necessary; although this was allowable under the transport framework contract, it is felt that better value for money could be achieved by allowing a longer tendering window. Some issues were also identified with financial recording and monitoring within the team.

Recommendations to address the issues identified were agreed. This includes implementing a new supplier monitoring schedule and process, and starting formal reporting on supplier breaches to senior management. A full review of financial processes, led by Finance, is planned to include development of commitment records for adult and Looked After Children transport. The service has also committed to implementing longer tender windows for contracts. Implementation of these actions will be followed-up by Internal Audit and progress reported to Audit & Accounts Committee as part of the normal follow-up process.

The full audit report is supplied as Appendix 3.

- 3.4 Following the findings of the PKF report into the FACT/HACT/ESACT complaints and the Audit Committee's consideration of its findings the Council's Chief Executive and Monitoring Officer have been in discussion with the spokesman for the complainants, Dave Humphrey, about reaching a settlement of a claim of maladministration, in order to avoid a protracted referral to the Local Government Ombudsman (LGO) and more resource being used by both council and complainants on raising a complaint with the Local Government Ombudsman. The Council has powers (outside of any LGO procedure and/or settlement) under s92 of the Local Government Act 2000 to take remedial action in cases of maladministration, including paying compensation. Essentially:

Where a relevant authority consider;

- (a) that action taken by or on behalf of the authority in the exercise of their functions amounts to, or may amount to, maladministration, and

(b) that a person has been, or may have been, adversely affected by that action,

the authority may, if they think appropriate, make a payment to, or provide some other benefit for, that person."

This gives the council the statutory power to make a payment

Mr Humphrey provided the Council with evidence supporting a claim that he was personally adversely affected by the Council's maladministration in this matter and a settlement figure of £30,000 has been agreed as an appropriate level of compensation/goodwill gesture for his time spent in raising and pursuing this complaint since 2014. This was assessed against a wide range of LGO compensation payments from previous cases. This settlement has been agreed by the Council's s151 officer following consultation with the Council's internal and external auditors. It is being published as part of the council's commitment to openness and transparency in dealing with the outcomes of the investigation report."

Source Documents	Location
Community Transport Action Plan	Internal Audit Octagon 1, Shire Hall, Cambridge