

Original Complaint		PKF Outcomes						Action Plan				
Number	Narrative	Proven / Not Proven	Org. Responsible	Report Section	Summary of Findings	Context/Background	Recommendation(s)	Actions	Progress	Org. Responsible	Target Date	Person Responsible
Grant Applications												
1	Acknowledge and examine submitted FACT/HACT grant applications, received via FOI request by the CBCTA, to identify and report any repeated patterns of irregularity and use of falsifications. In particular: i. Whether the council’s procedures for authorisation of grants have been adhered to ii. Whether the grant applications were factually correct and supported by appropriate evidence; and iii. Taking into account the evidence provided in the Key Forensics Limited report.	Proven	FACT/HACT	7.69	i. Yes - approvals adhered to ii. Applications not factually correct re: status and re: Membership iii. N/A	N/A	N/A	(1) The Board undertake to ensure FACT, HACT & ESACT Community Transport Organisations are run in accordance with its governing Rules and Memorandum of Articles / Constitution, Charity / Registered Society law and all other laws and regulations that consitute its activities. The Board has created a new sub-committee named "Finance and General Purpose" committee (F&GP) to represent FACT, HACT & ESACT, which will have delegated powers to act on behalf of the Full Board and operate above the day-to-day Management Team. This committee will be the conduit body for all future correspondance to external stakeholders and business relations. The F&GP will provide the assurance and confidence that the information contained within submissions will be accurate and authorised accordingly. (2) The F&GP committee will create and provide a statement (process note) that contains the high-level process for creating and authorising submissions with explicit two-step signatures. (3) The F&GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.	These actions are to be considered by the Chief Executive, Monitoring Officer and Chief Internal Auditor, together with any comments made by the Audit and Accounts Committee at its meeting on 31st July 2018, in accordance with paragraph 2.7.1 of the report of the Chief Executive to the Audit and Accounts Committee	FH&E	06/08/2018	F&GP Chairman
2	Investigate and report the reason given for any factually incorrect data identified at 1(ii) above and consider the likelihood as to whether “the person making it knew that it was, or might be, untrue or misleading”.	Proven	FACT/HACT	7.69	Mixed - some uncertain (i.e. status) Others - likely that the person knew it was untrue or misleading (i.e. membership numbers)	N/A	N/A	The F&GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
3	Confirm the Council’s procedures to ensure that grant money has been used for the specified purpose, and carry out suitable checks on a sample of successful grant applications by FACT and HACT.	Proven	CCC	7.98 to 7.111  7.119	(1) CCC does not have sufficient procedures (2) HACT did not include requested milestones (but CCC did not follow that up) (3) Money was spent on approved purpose (4) BSOG compliant	Cambridgeshire County Council's Internal Audit department assisted PKF in their investigation by gathering and collating requested information. Over the course of this information-gathering activity, a number of control weaknesses came to light. Internal Audit therefore prepared an interim report to bring these issues to the attention of management and make recommendations for how the issues could be addressed, which was issued in August 2017. Following this, a project was established to implement these recommendations and address any further issues identified subsequent to the report being issued.	Develop a grant monitoring framework for Community Transport, specifying the checks to be carried out on organisations in receipt of grant funding to ensure that monies are spent on approved purposes and all material terms of the grant agreement are complied with.  Develop Council-wide guidance for staff on issuing grants to charities and other voluntary organisations, including the stipulation that grant agreements must be entered into for all grant funding arrangements.	Develop a grant monitoring framework for Community Transport, specifying the checks to be carried out on organisations in receipt of grant funding to ensure that monies are spent on approved purposes and all material terms of the grant agreement are complied with.  Develop Council-wide guidance for staff on issuing grants to charities and other voluntary organisations, including the stipulation that grant agreements must be entered into for all grant funding arrangements.	COMPLETE  COMPLETE	CCC  CCC	N/A  N/A	Executive Director Place & Economy  Monitoring Officer/Section 151
Annual Returns and Published Accounts												
4	Obtain the Annual Returns and Published Accounts for FACT and HACT and compare for compliance with founding documents.	Proven	FACT/HACT	8	Some improvements needed but True and Fair Exception is 8.23 contravened SORP 20015/2015 re: grants to purchase vehicles.	N/A	N/A	The F&GP confirm that its external Accountants are applying the new SORPs going forward.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
5	Investigate and report on the reasons for the changes to declared income streams reported in earlier years and compare to ridership figures.	Unproven	FACT/HACT	8.24 to 8.40	Explained without any negative conclusion	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Investigate abnormalities with declared expenditures for annual fuel usage for Dial A Ride.	Unproven	FACT/HACT	8.41 to 8.48	Explained without any negative conclusion	N/A	N/A	N/A	N/A	N/A	N/A	N/A

7	Investigate the reason for the changing of a declared “106 grant” to a “National Lottery Grant” to address potential breaches of permit 19 regulations in the financial years 2014-2015.	Proven	FACT	8.49 to 8.63	<ul style="list-style-type: none"> <li>Based on the DfT advice, FACT would not have been able to run the Tesco Service under a Section 19 or 22 permit as it could be argued that this service would be operated incidental to an activity which in itself is carried on with a view to profit, i.e. the supermarket. However, CCC should take its own legal advice.</li> <li>The financial statements filed with the Annual Return for FACT for 2015 were E12 incorrect with regard to the description of Section 106 grant received from Tesco.</li> </ul>	As FACT were the only community transport group operating in the area, the Council acted to signpost them as a possible service provider. The funding was provided and agreement made directly between Tesco and FACT. The proposed service was never run, as the store was never opened.	N/A	The F&GP will undertake an immediate review of core business processes to ensure all transactions are registered inline with their purpose and respective legal entity/entities. The implementation of the recent Public Service Vehicle operating license has required the sub division of commercial and non-commercial activities and will be further divided to record Council vs Non-Council funded work. The F&GP have agreed to maintain separate bank accounts for commercial and non-commercial transport activities.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
8	Compare reported status, income and expenditure to underlying data. Reconcile Cambridgeshire County Council's (“CCC”) grant information and contract awards to reported income for FACT and HACT. (Note: FACT 2012 financial accounts – fixed asset note omitted, and ensure all grants are accounted for).	Proven	FACT/HACT	8.64	The published balance sheet of FACT for 2012 included fixed assets, however, the relevant fixed asset note to the financial statements was omitted in error.	N/A	N/A	The F&GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
Funding												
9	DfT Guidance “Local authorities should ensure that public funding which they provide in any form whatsoever in support of community transport services is not used by the beneficiaries to cross-subsidise commercial activities”. Otherwise such beneficiaries would have an unfair competitive advantage” (Woodcote report Paragraph 6.4 & 6.5). Identify the Councils’ procedures, to ensure DfT guidance for funding CTOs have been complied with and check that they have been adhered to.	Proven	CCC	9.12	CCC does not have any set procedures to ensure that DfT guidelines on the cross subsidisation of commercial activities does not take place by CTOs which receive grant funding.	N/A	N/A	Include procedures to ensure that cross-subsidisation of commercial activities does not take place in the new grant monitoring framework for Community Transport.	COMPLETE	CCC	N/A	Exec. Dir. P&E
								As part of the development of Council-wide guidance for staff on issuing grants to charities and other voluntary organisations, include a reminder to staff to conduct checks that grant monies have not been used to cross-subsidise commercial activities.	COMPLETE	CCC	N/A	S151/Monitoring Officer
								The F&GP will undertake an immediate review of core business processes to ensure all transactions are registered inline with their purpose and respective legal entity/entities. The implementation of the recent Public Service Vehicle operating license has required the sub division of commercial and non-commercial activities and will be further divided to record Council vs Non-Council funded work. The F&GP have agreed to maintain separate bank accounts for commercial and non-commercial transport activities.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
10	Investigate how complaints of restricted grants, being accounted as unrestricted (allowing for cross-subsidisation), were investigated by both the Fenland District Council (“FDC”) and the CCC and report the outcomes received by complainants.	N/A	CCC/FDC	9.13	The FDC Audit is dealt with at Scope Item 46. Complaints to CCC and FDC are dealt with within Scope Item 53	N/A	N/A	N/A	N/A	NA	N/A	N/A
11	Investigate the procedures and standards followed by CCC staff to determine whether the correct information is made available to adequately assess whether there is a need for funding and also prevent cross-subsidisation of funding.	Proven	CCC	9.14 to 9.27	<ul style="list-style-type: none"> <li>For FACT and HACT, there is no formal process to assess the continual need for funding, as required by the Annual Grant Agreements.</li> <li>In respect of the CTF start-up grant for HACT the financial failure of NOCT provided the need for the funding. CCC provided funding for both Ring-and-Ride and contract services. However, quotes in respect of the vehicle purchases were not included as prescribed.</li> <li>Radio grants required the support of two separate quotes for FACT and HACT, which appears not to have been adhered to</li> </ul>	In January 2018, Cambridgeshire County Council commissioned external consultants The TAS Partnership to undertake a review of its grant funding and commissioning arrangements in respect of Community Transport in order to ensure that processes by which community transport groups in Cambridgeshire receive funding are open, transparent and objective. Following receipt of the consultant's report, a new grant funding process has been put in place. The Council has defined the outcomes/benefits it wishes to obtain by issuing the grants, set a maximum level of funding available, and invited bids from organisations which believe they can achieved those outcomes. All grant awards will be based on agreed evaluation criteria and formally approved by Committee. On an ongoing basis the application of the new grant monitoring framework will feed into each annual grant award process to ensure that the need for funding and the benefit obtained by funding is regularly assessed.	N/A	Introduce a new process for open and competitive awards of grant for community transport, incorporating an annual review of the outcomes/benefits to be achieved through funding and approval of any grants awarded by Committee.	PROCESS COMPLETE (First grants to be awarded at E&E Committee in September 2018)	CCC	31/7/2018	Executive Director Place & Economy
								Include procedures to ensure that cross-subsidisation of commercial activities does not take place in the new grant monitoring framework for Community Transport. Ensure that the framework includes processes for an annual review of grant recipients with the outcomes of these reviews to inform the annual grant funding award process.	COMPLETE	CCC	N/A	Executive Director Place & Economy
								As part of the development of Council-wide guidance for staff on issuing grants to charities and other voluntary organisations, include a reminder to staff to conduct checks that grant monies have not been used to cross-subsidise commercial activities.	COMPLETE	CCC	N/A	Monitoring Officer/Section 151

12	Investigate and report whether the CCC has, against DfT guidance, created a potential unfair competitive advantage by funding or loaning vehicles to FACT/HACT that have been used to operate the CCC's own commercial contracts.	Proven	CCC	9.47 to 9.49	<ul style="list-style-type: none"><li>• Based on the above HACT have been provided with funding by the CCC to operate its own commercial contracts and the use of emergency powers has not been clearly exercised (refer to Scope Item 33).</li><li>• As the annual grant funding is deposited in a mixed bank account for FACT and HACT, cost is expended as needed which could relate to working capital or capital expenditure.</li></ul>	In July 2017 the DfT issued a letter outlining a recent decision taken in the case of a community transport operator (not from Cambridgeshire) which had been operating commercial contracts under its Section 19/22 licenses. This letter made it clear that commercial contracts can only be operated by organisations in receipt of a full PSV Operator's license. In light of this decision, Cambridgeshire County Council liaised with both the DfT and FACT/HACT/ESACT to agree the steps required to ensure that these organisations were fully compliant with DfT requirements. As a result of this, FACT, HACT and ESACT have split to create trading companies which operate their commercial contracts and are separate from their community transport operations.	N/A	<p>The F&amp;GP have agreed to maintain separate bank accounts for commercial and non-commercial transport activities.</p> <p>The F&amp;GP will undertake an immediate review of core business processes to ensure all transactions are registered inline with their purpose and respective legal entity/entities. The implementation of the recent Public Service Vehicle operating license has required the sub division of commercial and non-commercial activities and will be further divided to record Council vs Non-Council funded work.</p> <p>The F&amp;GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.</p>	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
								<p>New grant agreement to require recipients to maintain separate accounting records for CTS activities, and new grant monitoring framework to include provision for monitoring this on an annual basis.</p>	COMPLETE	CCC	Ongoing	Executive Director Place & Economy
13	DfT guidance "The CTO should be required to keep accounts that enable the local authority to verify the organisations cost's and revenues of operating the supported CTS" (Woodcote report paragraph 6.3). Check the Council's grant conditions to ensure this requirement is included and examine evidence of audit or other checks by the CCC to ensure that the CTOs' grant conditions are complied with.	Proven	CCC	9.60 to 9.62	<ul style="list-style-type: none"><li>• The CCC Annual Grant Agreements do not require the CTS to maintain separate accounting records for CTS activities. However, they do require funds to be paid into a "separate" bank account.</li><li>• CCC have not carried out an audit to ensure grant conditions are complied with.</li></ul>	N/A	N/A	<p>The F&amp;GP have agreed to maintain separate bank accounts for commercial and non-commercial transport activities.</p> <p>The F&amp;GP will undertake an immediate review of core business processes to ensure all transactions are registered inline with their purpose and respective legal entity/entities. The implementation of the recent Public Service Vehicle operating license has required the sub division of commercial and non-commercial activities and will be further divided to record Council vs Non-Council funded work.</p> <p>The F&amp;GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.</p>	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
								<p>New grant agreement to require recipients to maintain separate accounting records for CTS activities.</p> <p>New grant monitoring framework to include provision for 'spot check' audits of CT operators to ensure grant conditions are complied with, as well as a regular framework for monitoring grant compliance throughout the year.</p>	COMPLETE  COMPLETE	CCC  CCC	N/A  N/A	Exec. Dir. P&E  Exec. Dir. P&E
14	Examine CCC spend data to confirm that HACT has correctly categorised income in its accounts and records.	Proven	HACT	9.65	<ul style="list-style-type: none"><li>• As noted at Scope Item 4, HACT financial statements for 2016 do not conform to the relevant SORP</li><li>• In particular, the initial start-up grant and the other capital grants should have been disclosed in the Statement of Financial Activities, but have been incorrectly recorded as deferred income in the HACT financial statements, which is not in accordance with the SORP.</li></ul>	N/A	N/A	<p>The F&amp;GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.</p>	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman

15	Investigate and report a breakdown of revenues (Including grant funding) and expenditures for FACT/HACT community work to identify whether it requires funding, is breaking even or making a profit. Document and check for the reasonableness of the allocation of indirect costs.	Proven	FACT/HACT	9.78 & 9.87	<ul style="list-style-type: none"><li>• FACT CTS activities are loss making in 2016 based on Computation 2 and the inclusion of depreciation and overheads.</li><li>• HACT CTS activities are loss making IN 2016 based on Computation 2 and the inclusion of depreciation and overheads.</li></ul>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
16	On an annual basis analyse grant funding for FACT and HACT and compare to state aid de minimis limits (potentially to include bus pass concession payments); and compare to the requirements of the CCC for grant conditions.	Proven	CCC & FACT/HACT	9.114 to 9.120	The CCC Annual grant conditions prior to 2014/15 did not include a reference to State Aid.	As highlighted above, in July 2017 the DfT issued a letter outlining a recent decision taken in the case of a community transport operator (not from Cambridgeshire) which had been operating commercial contracts under its Section 19/22 licenses. This letter made it clear that commercial contracts can only be operated by organisations in receipt of a full PSV Operator's license. In light of this decision, Cambridgeshire County Council liaised with both the DfT and FACT/HACT/ESACT to agree the steps required to ensure that these organisations were fully compliant with DfT requirements. As a result of this, FACT, HACT and ESACT have split to create trading companies which operate their commercial contracts and are separate from their community transport operations.	The computations included above for FACT are based on its financial years (to 31 December). We would recommend computations are prepared based on the EU financial year (March to April).  The State Aid issues are relevant to CCC, HDC, FDC and other councils, as the computation of State Aid compared to de minimis limits is relevant to all parties e.g. HDC provides the major Annual grant funding to HACT. This is a complex area of law, which imparts duties on both the donors and donees. This is of particular importance in regard to future transactions. As regards historic funding, Mr Goudie has provided the following in paragraph 22 of his advice in to CCC: “(1) Report the position forthwith to the Department of Transport (“DfT”), and liaise with them over the remedy, meanwhile dealing with requests for information; (2) Subject to the DfT, deal with the EU Commission; (3) Subject to that, and review of the amount, claw back the unlawful State Aid”.	The F&GP will undertake to disclose all public funding on public body funding applications over the current and past 2 year periods.  The F&GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman	
					There was no grant funding agreement in place in respect of the HACT start up.								
					The DfT monitoring guidelines for grant funding have not been complied with.			COMPLETE					
					The grant funding for HACT and FACT exceed the State Aid de minimis limits and are subject to clawback (for amounts above those limits), based on Mr Goudie’s latest advice.			ONGOING					
								The new Council-wide policy on issuing grants to voluntary organisations will provide more detailed guidance on the issue of state aid.	COMPLETE				
								Going forward, transport grants will be awarded through a competitive bidding process to ensure that such grants do not constitute state aid.	ONGOING				
17	Investigate and report whether loans received by FACT/HACT from the CCC have been repaid and if so when the repayments were made.	Proven	CCC	9.163	<ul style="list-style-type: none"><li>• There are no loan agreements between CCC and FACT and HACT in repayment of the loans</li><li>• There is no loan agreement in respect of the Citroen vehicle loaned to HACT by CCC.</li><li>• CCC failed to recover interest as agreed on the loans in respect of radio equipment to FACT and HACT as a result of clerical error. However, both loans were repaid, other than this interest element</li><li>• CCC previously failed to pursue the loans to HACT in respect of start-up working capital and VAT (a total of £57,567).</li></ul>	Once the service were made aware of this issue, repayment of the working capital and VAT loans with ESACT and HACT begun in January 2018. As the amount to be repaid by HACT was significant, it was agreed that repayments would be staged over seven months to July 2018.  Repayment of the interest on the loans to FACT and HACT has also been agreed in April 2018, and it has been agreed that HACT will return the loaned vehicle to CCC.	N/A	Working capital and VAT loans to be repaid.	6 out of 7 payments have been made; the final payment is due on 30 August 2018.	CCC	Aug-18	Executive Director Place & Economy	
								Interest on loans to FACT and HACT to be repaid.					COMPLETE
								Vehicle to be returned to CCC.	To be completed by 31/07/2018				
								The F&GP confirms that all agreed unpaid loans and monies due to CCC upon request have been repaid or are scheduled to be repaid.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman	
Expansion and Demand													
18	Investigate the allocation of almost a quarter of a million pounds of public funds in 2013 in respect of which to FOI requests the Council repeatedly refused to acknowledge any detailed files exist. Investigate whether in providing grants, all funding councils have fulfilled their legal obligation to specify on the offer letter the state aid terms which have been applied to the money given: State Aid Exempt, General Block Exemption Regulation (GBER) or de minimis. Where necessary investigate whether the relevant grants have been reported to the European Commission.	Proven	CCC	9.183	<ul style="list-style-type: none"><li>• There is no grant agreement in existence to support the initial CTF capital grant to HACT and, the relevant EU State Aid Regulations were not brought to its attention.</li><li>• The Annual Grant documentation for HACT for 2013/14 (Exhibit DH 18(2)) does not refer to such regulations, however, subsequent Annual Grant agreements include a reference that the funding amounts to state aid and that is being provided under the Commission Regulation (1407/2013) on de minimis aid.</li><li>• Internal Audit have not found any evidence CCC ever reported details of relevant grants to the European Commission (Exhibit MKM 18(4)).</li></ul>	N/A	N/A	Develop a grant monitoring framework for Community Transport, specifying the checks to be carried out on organisations in receipt of grant funding to ensure that monies are spent on approved purposes and all material terms of the grant agreement are complied with.	COMPLETE	CCC	N/A	Exec. Dir. P&E	
								Develop Council-wide guidance for staff on issuing grants to charities and other voluntary organisations, including the stipulation that grant agreements must be entered into for all grant funding arrangements, and to provide additional guidance on state aid issues.	COMPLETE				
								In relation to state aid, the advice of Mr Goudie has been followed in relation to reporting the position to the Department for Transport.	COMPLETE				
								Any subsequent reporting/claw back required will be followed.	ONGOING				

19	Identify from the CTO records and report annual ridership figures (passengers, number of journeys fulfilled within towns, number of journeys from isolated villages, mileage and income) for FACT/HACT community based work (Dial A Ride, Dial A Car, Group Services and Specials) for the years 2010 to 2016.	N/A	FACT/HACT	10.1 to 10.7	Details reported	N/A	N/A	The F&GP confirms that the systems and processes in place to record and report; memberships, eligibility checks, journey numbers and income will undergo a business process review and any improvements necessary implemented. The F&GP confirm that any approved local authority funder will be granted access to review and verify this information.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
20	Identify from the CTO records and report annual commercial figures (Number of contracts, passengers, journeys, mileage and income) for the years 2010 to 2016.	N/A	FACT/HACT	10.8 to 10.17	Details reported	N/A	N/A	The F&GP confirms that the systems and processes in place to record and report; memberships, eligibility checks, journey numbers and income will undergo a business process review and any improvements necessary implemented. The F&GP confirm that any approved local authority funder will be granted access to review and verify this information.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
21	Create chronological report of all vehicles for HACT and FACT bought and sold since 2010 with mileage at point of purchase and sale (Including whether vehicles have been sold within the group i.e. FACT to HACT etc.), purchase price and at sale, and of how each vehicle was funded, whether through earned revenue, grant funding (which grant) or loan.	N/A	FACT/HACT	10.9 to 10.21	Details reported	N/A	N/A	The F&GP will provide upon request to CCC schedules of vehicles used for publicly funded services.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
22	Investigate annual value of fleet expansion in FACT compared to annual funding received to support community based work (both public and private funding).	N/A	FACT	10.10 to 10.26	Details reported	N/A	N/A	The F&GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
23	Compare the number of members and community journeys being fulfilled and number of vehicles owned annually by FACT. Compare FACT's figures to those of HACT.	N/A	FACT/HACT	10.27 to 10.30	Details reported	N/A	N/A	The F&GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
24	Investigate and report the average frequency of use by FACT members (i.e. 0.5 a week) and the number of daily community passengers divided between the numbers of vehicles owned.	N/A	FACT	10.31 to 10.34	Details reported	N/A	N/A	The F&GP confirms that the systems and processes in place to record and report; memberships, eligibility checks, journey numbers and income will undergo a business process review and any improvements necessary implemented. The F&GP confirm that any approved local authority funder will be granted access to review and verify this information.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
25	Identify the number of vehicles cited for community use, correlate data in respect of passenger demand against fleet expansion. Investigate the funding of vehicles acquired.	N/A	FACT/HACT	10.31 to 10.36	Details reported	N/A	N/A	The F&GP will provide upon request to CCC schedules of vehicles used for publicly funded services.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman

26	For FACT and HACT, identify grant and loan conditions from the CCC – check that they are complied with and that they are used to fund only community based obligations.	Proven	CCC	10.42	1. In respect of the 2014/15 grant agreements: <ul style="list-style-type: none"><li>• There is no reference to State Aid;</li><li>• There is no provision to inform CCC of additional funding received from third parties</li><li>• There is no provision for the grant to be paid into a separate bank account and cheques to be signed by two signatories;</li><li>• There is no provision for the funds to be shown as “restricted” in the recipient’s annual accounts;</li><li>• Reporting requirements (as to passenger numbers etc.) are less detailed compared to the later agreements;</li><li>• There is no provision for a final report to be provided to CCC but there is a requirement for an Annual Review meeting between CCC and the recipient;</li><li>• There is no requirement for the recipient to warrant compliance with relevant legislation</li></ul>	Following a review of grant agreements in 2015, these points were fully addressed in the revised grant agreement issued to all grant recipients for the 2015/16 financial year.	N/A	The F&GP will maintain effective systems (auditable upon request) that the systems and processes in place will operate with the compliance conditions stated in any grant or loan agreement. The F&GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
			CCC		2. Summarised Several non-compliances of FACT and HACT highlighted including (but not limited to): <ul style="list-style-type: none"><li>- Non-compliance with T&amp;Cs of the grant agreements :</li><li>- independent evidence not required e.g. age etc., however CCC refused a request from FACT re: a list of bus pass concession recipients to assist them in checking eligibility, however, refused by CCC due to Data Protection legislation</li><li>- Separate bank accounts not maintained preventing verification that funds spent on approved purpose</li><li>- Annual budget is not provided to CCC</li><li>- funding only shown as restricted in 2015 when required to do so but should have been previously</li><li>- Related party accounting not followed</li><li>- Required Stats not reported in 1/4ly reporting</li><li>- Annual Reviews not completed</li><li>- PLI @ £10m not maintained (£5m)</li></ul>	Cambridgeshire County Council to conduct a review of fitness to contract with FACT/HACT/ESACT in light of the findings of this report.	N/A	Develop a grant monitoring framework to ensure that on an annual basis, appropriate checks are conducted to ensure that grant recipients comply with all material terms of the grant agreement, including: requirements regarding separate bank accounts for grant funds and accounting for such monies as restricted funds; verification of eligibility; required insurance levels; requirements regarding reporting to the Council including budget documents and performance statistics.  CCC to review current transport contracts to identify any inconsistencies in requirements regarding public liability insurance levels and ensure these are addressed through e.g. contract variation notices and/or letters to operators, according to advice from the Council’s Insurance department.	COMPLETE  COMPLETE	CCC  CCC	N/A  N/A	Exec. Dir. P&E  Exec. Dir P&E
27	Use FACT and HACT previously declared ridership figures and public funding (including Bus pass concession payments) to calculate the public funding per journey over the past 3 years.	N/A	CCC	10.43 to 10.46	Details reported	N/A	N/A	The F&GP confirms that the systems and processes in place to record and report; memberships, eligibility checks, journey numbers and income will undergo a business process review and any improvements necessary implemented. The F&GP confirm that any approved local authority funder will be granted access to review and verify this information.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
The formation and expansion of HACT												
28	Using the CCC spend data calculate and report the percentage of the HACT income that has been generated through the fulfilment of CCC commercial contracts and whether this commercial activity is their principal income source. Report the percentage of increase of income in year’s two to four that can be attributed to CCC commercial contracts.	N/A	HACT	11.1 to 11.2	Details reported - Commercial Income = 61%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29	Report a yearly breakdown of HACT’s fleet expansion from the original 9 vehicles bought for launch in April 2013.	N/A	HACT	11.3 to 11.4	Details reported - 12 in 2014 rising to 20 in 2016	N/A	N/A	The F&GP will provide upon request to CCC schedules of vehicles used for publicly funded services.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
30	Identify the number of vehicles cited for community use and correlate data in respect of passenger demand against fleet expansion. Investigate the funding of vehicles acquired.	N/A	HACT	11.5 to 11.6	See Scope item 25 and 21	N/A	N/A	The F&GP will provide upon request to CCC schedules of vehicles used for publicly funded services.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman

31	Investigate the start-up and funding of HACT - Record and report any level of public funding (Including loans from CCC and potentially bus pass concession payments) that exceeds state aid de minimis rules - Investigate how the decision was made to allocate the CCC “start-up” funding how and who authorised it, and examine whether the proper procedures were adhered to and documented. - Record and report whether loans were paid back and give dates of payments to identify if payments have been made retrospectively. - Compare the CCC grant data to the HACT annual returns and investigate any reasons for differences and non-declaration of grants by HACT.	Proven	CCC	11.7 to 11.92	<ul style="list-style-type: none"><li>• A grant funding agreement or loan documentation was not put in place by CCC and HACT in respect of start-up funding.</li><li>• It is not clear how, legally, the contracts were transferred to HACT.</li><li>• State Aid de minimis threshold has been breached. See Scope item 16</li><li>• See Scope 18 re: authorisation of the start-up funding for HACT</li><li>• There is no evidence of authorisation for the ESACT start-up funding on the CCC files by the CFT Governance Group or Council leadership.</li><li>• There is no signed grant agreement or evidence of a loan agreement with ESACT on the CCC files.</li><li>• The unsigned ESACT Grant Agreement dated March 2015 (Exhibit 10-D-4) includes reference to a loan at Schedule 3, however, there is no other documentation in respect of the loan, and, the grant agreement is otherwise silent in respect of loan terms and conditions</li><li>• See Scope item 17 for loan repayment</li></ul>	With the closure of the previous providers, there was a significant level of pressure and urgency in finding a replacement provider. Notwithstanding that, the Council accepts it did not implement formal, robust governance processes following the immediate time pressures and fully consider the wider implications such as State Aid.  Going forward, in respect of Community Transport, the Council has decided to longer issue grants which constitute state aid. Instead these grants will be issued through an open and competitive bidding process. The Council has also revised its Business Continuity Plan for transport services to ensure that the correct governance and authorisation is obtained in emergency situations.	N/A	The Business Continuity Plan for passenger, social and education transport services should be comprehensively revised and updated. In particular this should clarify correct procedure in the event of supplier failure, including the correct procedures for obtaining authorisation for any temporary emergency transfer of contracts.  Repayment of unpaid loans should be sought.	COMPLETED (May 2018)  COMPLETE	CCC  CCC	N/A  August 2018	Executive Director Place & Economy  Executive Director Place & Economy
32	Investigate the purchasing of radio equipment by FACT and HACT in 2013. Report on the radio equipment purchased by HACT/FACT and compare to invoices and competing quotations (note it has been reported that a quotation for radio equipment was provided from a non-existent company). Using physical verification of equipment compare against receipts and put side by side invoice price against other suppliers. Report findings along with make and model of equipment and number of units purchased in 2013.	Proven	FACT/HACT	11.108	Capital grant procedures were not adhered to in respect of quotations for both radio grants and loans.	N/A	N/A	The F&GP confirm funding requests will be submitted with the required evidence. This step will form part of the (process note) statement (as per item 1).	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
33	Investigate the allocation of contracts to HACT - Investigate and confirm whether HACT’s original contracts were awarded to HACT without being put out for competitive tender. - Investigate and report whether contracts awarded to HACT under “emergency powers” where awarded against regulations and who sanctioned their use. - Investigate and report whether evidence exists to demonstrate the CCC had adequate time to put each contract out for competitive tender. - Investigate whether contracts awarded to HACT under emergency powers were extended without being put out for tender and who sanctioned these extensions. Document contracts awarded to HACT and whether or not they have been tendered on the basis of “a view to profit.”	Proven	CCC & HACT	11.109 to 11.160	<ul style="list-style-type: none"><li>• As noted at Scope Item 12, there is no evidence that the contracts taken over by HACT in March 2013 were put out to tender</li><li>• In respect of the use of Emergency powers, only one contract (of 8) was subject to an Emergency Powers request</li><li>• CCC had 19 days in which to put out the contract to tender, find a suitable applicant and award the contract.. probably ... sufficient time to put the contracts out to tender, however, HACT stated that they would only provide Dial-A-Ride services if the contracts were awarded to them</li><li>• CCC’s Head of Passenger Transport made the decision to extend service 46A and service 150 following advice from the LGSS lawyer. No documentation has been identified to show how other contracts were extended.</li></ul>	The Council accepts this finding and that sufficient time probably existed to tender this service. At the time, the Council considered it would have been unable to tender ‘effectively’ within that period, given the other pressures arising from the closure of the previous provider.  The Council accepts this does not excuse the fact that relevant processes etc. (as per 31 above) were not put in place after the initial pressure, including that a schedule of retendering in the future was not put in place.	N/A	The Business Continuity Plan for passenger, social and education transport services should be comprehensively revised and updated. In particular this should clarify correct procedure in the event of supplier failure, including the correct procedures for obtaining authorisation for any temporary emergency transfer of contracts. This should include following the County Council exemption process for any procurement outside normal Contract Procedure Rules, which will ensure a clear audit trail of authorisation, and that any such temporary contracts awarded should be re-tendered as soon as possible.  All contracts held by FACT, HACT and ESACT should be re-tendered to ensure free and open competition has been undertaken for all contracts previously awarded to these organisations.	COMPLETE (May 2018)  COMPLETE (All Day Centre Transport Contracts have been re-tendered and awarded as of April 2018; Local Bus Contracts and Education Transport Contracts have been re-tendered, with award dates expected in July and August 2018).	CCC  CCC	N/A  August 2018	Executive Director Place & Economy  Executive Director Place & Economy
Licencing												
34	Determine whether the Council obtained legal advice and /or advice received from the Traffic Commissioners in respect of: i. Council procedures in respect of issuing permits under Section 19 and 22; ii. Commercial contracts – the need for a PSV operator’s licence; and iii. CTO and other suppliers – drivers to be CPC rated and have a full vocational PSV Licence	Unproven	CCC	12.1 to 12.55	The Council took legal advice and DfT advice with that advice 'changed significantly' in Nov 2017 (an org cannot undertake both commercial and on-commercial work)	During the period under review there were conflicting interpretations of the requirements placed on Community Transport Operators in respect of their vehicle and driver licensing. Cambridgeshire County Council sought advice from its legal team and the Traffic Commissioners in respect of national developments in interpretation and understanding of regulations regarding the use of Section 19 and 22 permits and driver licensing for Community Transport Operators. Where advice indicated that changes were required to current systems or processes, these have been implemented. As of May 2017, FACT, HACT and ESACT now operate commercial contracts as a separate entity from their community transport work, in line with current guidance. During the process of transitioning arrangements, Cambridgeshire County Council has continued to take advice from the Department for Transport.	N/A	N/A	N/A	N/A	N/A	N/A



35	Investigate whether the Council has followed this advice and has documented procedures to ensure compliance.	Unproven	CCC	12.56 to 12.68	The Council applied that advice as evidenced by FACT etc. applications for PSV licensing.	See above/below.	N/A	N/A	N/A	N/A	N/A	N/A	N/A
36	Review the Council’s procedures for issuing Section 19 permits and checking the CTOs’ exemption status for hire and reward licencing. Note any changes in procedures over the past 5 years. Test check these procedures have been complied with as they relate to FACT and HACT.	N/A	CCC	12.70 to 12.73	CCC did not have written procedures at time exemption was applicable. CCC does not have procedures now that advice is that exemption is not applicable	Cambridgeshire County Council followed Department for Transport advice in relation to issuing Section 19 permits. Clarification was sought on a number of occasions and this reflected a national issue in terms of understanding the correct interpretation of guidance around s19 permits. This advice changed significantly during 2017 and the Council acted immediately on the receipt of new guidance.	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	In respect of FACT and HACT investigate all drivers’ current licensing status, report pass dates of any licences or training and record drivers’ previous status.	Proven	FACT/HACT	12.74 to 12.89	In summary checks being undertaken, however: - Some drivers found not to have necessary D or D1 entitlement - FACT etc. awarded License by DfT - Drivers continue to obtain D or D1	Checks carried out by PKF Littlejohn confirmed that all relevant staff had either a D1 (101) or D1 restricted entitlement on their driving license, and all drivers were Minibus Driver Awareness Scheme qualified (other than where one driver had a Passenger Carrying Vehicle qualification, which supersedes this). This was appropriate while it was believed that the service could operate under Section 19/22 licenses. Once it became clear that the organisation required a Public Service Vehicle Operator's License in order to operate its services, a programme of driver training was instituted to ensure all drivers were appropriately qualified as required in order to obtain a PSV license. It was confirmed that when FACT, HACT and ESACT applied for their Operator's License, they had sufficient qualified staff to operate these services, and continued to train further staff to provide greater resilience and flexibility in staffing.	N/A	The F&GP confirms that the current processes and procedures to support driver eligibility and associated training are effective and will continue to be maintained inline with relevant legal requirements. The F&GP confirms that the current processes and procedures remind drivers for self-declaration of any circumstances that may affect their ability to drive. Medicals are performed to DVLA requirements. The F&GP confirms that any changes to driver eligibility will be communicated inline with agreement conditions. Any statutory outcomes from the ongoing DfT public consultation into Section 19/22 permits will be impact assessed and where necessary implemented inline with any revised DfT guidelines.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman	
								Include clear requirements regarding driver licensing in the new Grant Agreement.	COMPLETE	CCC	N/A	Exec. Dir. P&E	
								Include spot checks of driver licensing status in the new Grant Monitoring Framework.	COMPLETE	CCC	N/A	Exec. Dir. P&E	
38	Investigate whether there is reasonable concern that any aspect of FACT/HACT/ESACT’s operations and/or its drivers are in the scope of hire and reward regulations and advise whether the Council should take professional legal advice.	N/A	FACT/HACT/ESACT	12.90	As noted in Scope Items 34 and 35, the DfT have issued significant changes to its advice in the 2017 year.	N/A	We consider it would be appropriate for the CCC to obtain legal advice to ensure that its procedures are amended to assist in ensuring that organisations to which it issues transport grants and contracts are compliant with such grant and contract agreements and relevant legislation.	Cambridgeshire County Council has taken legal advice and liaised with the Department for Transport to clarify the position, particularly given the changed to DfT guidance during 2017. FACT, HACT and ESACT are all fully compliant with the new guidance, and have set up separate trading companies to operate commercial contracts. These companies have been awarded Operator's Licenses by the Traffic Commissioner and are therefore compliant with guidance.	COMPLETE	CCC	N/A	Executive Director Place & Economy	
Permit 19/22 systems and Service level agreements													
39	Obtain copies of Section 19 permits (members only) and Section 22 (general public for social and welfare needs of the community) issued by the CCC to FACT and HACT; document conditions included on the permits on date of issue.	N/A	CCC	13.1 to 13.32	Details reported	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
40	Obtain evidence from FACT, HACT and other sources as to the usage of the vehicles licenced under Permit 19 and Permit 22. Carry out analysis to establish if such permits have been solely utilised for permitted use.	Proven	FACT/HACT/ESACT	13.33 to 13.50	• As noted above Section 19 and 22 permits are not specific to any one vehicle, so it is not possible to analyse permitted usage in relation to each vehicle. • It appears HACT operated a bus service for a short period in 2013 without a valid PSV operator’s licence or Section 22 permit. HACT comment that the Section 22 permit was applied for prior to April, however, the Traffic Commissioner took 36 days to process it (previously it took 13 days)	Cambridgeshire County Council to conduct a review of fitness to contract with FACT/HACT/ESACT in light of the findings of this report.	N/A	The F&GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman	
								Include requirements to check licensing status as part of the Grant Monitoring Framework.	COMPLETE		N/A	N/A	



41	Investigate the conditions by which FACT operate private commercial contracts, specifically Wisbech Grammar School, whether it is commercial and consequently should be operated under an O-Licence. Investigate how the five vehicles used have been funded. (Note the service is advertised to parents to transport their children to and from school; CBCTA has been advised by more than one source that the parents pay FACT directly and do not become a member).	N/A	FACT	13.51 to 13.56	<ul style="list-style-type: none"><li>As previously noted on 9 November 2017 the DfT clarified the position that such activity now requires a PSV Operator's licence and for drivers to have the relevant unrestricted D1 licence. On Thursday 29 March 2018 FACT, HACT and ESACT were informed by the Traffic Commissioners that operators licences had been granted to their new trading companies.</li><li>The funding of vehicles by FACT is dealt with at Scope Item 21.</li></ul>	CCC accepts and acknowledges the DfT advice issued in Nov 2017 confirmed the complainants' assertion on this issue, and highlighted the need to comply with PSV requirements.  The DfT advice also provided for a transition period, recognising that providers needed time to become compliant with that advice, rather than such providers being in 'breach' of the prior position. CCC accepts that advice and is committed to implementing its requirements including monitoring compliance in relation to all CCC-funded services.	N/A	Include requirements to check licensing status as part of the Grant Monitoring Framework and procurement processes	COMPLETE	CCC	N/A	Executive Director Place & Economy
42	Investigate FACT accepting a £54,000 grant from Tesco Plc to operate a bus service to a new store in Chatteris and other evidence of FACT operating for "profit making" organisations.	N/A	FACT	13.57 to 13.63	This grant is currently shown as a deferred grant in FACT's annual financial statements, and is held on deposit account	As FACT were the only community transport group operating in the area, the Council acted to signpost them as a possible service provider. The funding was provided and agreement made directly between Tesco and FACT. The proposed service was never run, as the store was never opened. The developer has confirmed the funds can be retained by FACT and the organisation is in consultation with Chatteris Town Council to agree how best to utilise the funds.	N/A	The F&GP will advise as part of any ongoing CCC audit requirements any asset purchased through public funding and subsequently used on commercial work with the exemption of short term operational requirements.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
								Include procedures to ensure that cross-subsidisation of commercial activities does not take place in the new grant monitoring framework for Community Transport.	COMPLETE	CCC	N/A	Executive Director Place & Economy
								As part of the development of Council-wide guidance for staff on issuing grants to charities and other voluntary organisations, include a reminder to staff to conduct checks that grant monies have not been used to cross-subsidise commercial activities.	COMPLETE	CCC	N/A	Monitoring Officer/s151
43	Check to ensure that FACT and HACT verify the eligibility of their members. Review the conditions for grants to ensure that FACT and HACT need to verify the eligibility of membership, and confirm how this is authenticated by the Council.	Proven	FACT/HACT	13.70 to 13.73	<ul style="list-style-type: none"><li>- FACT and HACT do not as a matter of routine require independent documentary evidence to support applications other than a review of age and location of the applicant, and subsequent verification of bus pass holder by drivers on travel. However, anomalies on applications are challenged, and, membership could be refused.</li><li>- In relation to the individual passenger, as the service is a door to door facility the driver is able to confirm the address of the new member when they collect them.</li><li>- Many of the members are elderly and the largest proportion are CCC bus pass holders. Periodic checks are made of the bus passes by the drivers to ensure that the bus pass concession is still in date, however, bus passes are not checked on every occasion.</li><li>- The FHE Manager has stated that a request was made to CCC to obtain details of HACT, FACT and ESACT members who had been issued with a CCC bus pass to make their checking procedure simpler, but CCC had declined to provide these details due to the constraints of the Data Protection Act ("DPA").</li></ul>	Cambridgeshire County Council's previous grant agreement for grants to Community Transport Operators states that the Council's grant funding is for the provision and operation of transport services for individuals who find it difficult or impossible to use conventional buses either through mobility difficulties, agree or through lack of access to transport. Under this agreement, it was the responsibility of the recipient to ensure that all Members meet the required eligibility criteria.  CCC accepts that its funding processes need to include monitoring of these requirements to confirm adherence.	N/A	The F&GP confirms that the systems and processes in place to record and report; memberships, eligibility checks, journey numbers and income will undergo a business process review and any improvements necessary implemented. The F&GP confirm that any approved local authority funder will be granted access to review and verify this information.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
								Include in the revised Grant Agreement more detail around the expected checks of eligibility that recipients must undertake on new members. This should include some form of checking to independent documentary evidence to verify e.g. age, proof of address or other relevant documentation relating to the criteria under which membership is sought.	COMPLETE	CCC	N/A	Executive Director Place & Economy
								Include in the Grant Monitoring Framework details of how eligibility checks will be verified at spot checks of operators.	COMPLETE	CCC	N/A	Executive Director Place & Economy
44	Obtain copies of commercial contracts awarded to HACT, FACT and ESACT by Councils. Establish if the conditions of the contract have been adhered to. Document licensing regulations which FACT, HACT and ESACT utilises to complete these contracts.	Proven	FACT/HACT/ ESACT	13.87 to 13.88	<ul style="list-style-type: none"><li>- As noted above the contracts require a Continuity Business Plan which has not been documented, and, names of PAs are not provided to CCC as required under the contracts</li><li>- We note above that HACT's contract with CCC in respect of route 46A required a PSV Operator's licence which it did not have; this contract was operated under a Section 22 permit. HACT have applied, and been granted, Section 22 permits historically, as they considered they were entitled to do so in view of their charitable status and charitable objectives</li></ul>	As standard, Cambridgeshire County Council contracts require providers of key services to maintain appropriate Business Continuity Plans. Given the number of contracts the Council has in place, it would not be expected that the Council checks this particular stipulation for every contractor on a regular basis. Spot checks are focused on suppliers in the most high-risk areas such as IT infrastructure. The risk associated with supplier failure is mitigated by the joint Business Continuity Plan held by the Local Bus/Social and Education Transport Team, which ensures that in the event of unexpected supplier failure which the supplier is not itself able to mitigate, the Transport Service is able to respond quickly and effectively to avoid a break in service.	N/A	The Business Continuity Plan for passenger, social and education transport services should be comprehensively revised and updated.	COMPLETE (May 2018)	CCC	N/A	Executive Director Place & Economy

45	Obtain from FACT and HACT details of designated routes. Obtain from FACT and HACT details of journeys made by vehicles over the last complete financial year and compare to designated routes – report on any anomalies. Obtain records of bus concession journeys and establish how such journeys are verified by reference to eligibility. Compare the records to claims from the CCC.	Unproven	FACT/HACT	13.89 to 13.120	#NAME?	N/A	N/A	<p>The F&amp;GP confirms that the systems and processes in place to record and report; memberships, eligibility checks, journey numbers and income will undergo a business process review and any improvements necessary implemented.</p> <p>The F&amp;GP confirm that any approved local authority funder will be granted access to review and verify this information.</p>	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
								<p>Develop a grant monitoring framework to ensure that on an annual basis, appropriate checks are conducted to ensure that grant recipients comply with all material terms of the grant agreement, including: requirements regarding separate bank accounts for grant funds and accounting for such monies as restricted funds; verification of eligibility; required insurance levels; requirements regarding reporting to the Council including budget documents and performance statistics.</p>	COMPLETE	CCC	N/A	Executive Director Place & Economy
Conflicts of interest and Complaint Handling												
46	Examine early complaints raised with local authorities by CBCTA members (including those reported in the MP meeting and confirmed by Stephen Barclay MP in writing) and the FDC Audit and assess whether the Council’s procedures were followed and, the individual concerns were adequately investigated to the appropriate standard and answered accordingly.	Unproven	FDC	14.1 to 14.8	<p>In Summary:</p> <ul style="list-style-type: none"><li>- Process followed</li><li>- The reply responds to points raised in the complaint including clarifying the roles of the officers involved, advertising for taxi work and eligibility but</li><li>- some concerns were not addressed in the audit</li><li>- as no appeal was received FDC believed that the issues had been addressed</li></ul>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
47	Investigate and report any conflict of interest issues and the signed FACT trustee declaration surrounding the CCC Transport Officer's role in issuing Permit 19 authorities to an organisation he is reported to be a board member of.	Proven	FACT and CCC	14.12 to 14.27	<ul style="list-style-type: none"><li>- The Transport Officer's role is as a CCC Advisor / Observer to FACT. It has not been made clear in the documentation (annual returns prior to 2012) and grant applications that he is not a decision maker in relation to FACT. The annual financial statements include him as an Executive Committee member, which is misleading, as he has no decision making capacity</li><li>- It is uncertain how the Transport Officer's name and signature appeared on the application for grants detailed above</li><li>- CIO's must demonstrate how potential conflicts of interest are identified, monitored and managed. The constitution sets out, in paragraph 7, how conflicts should be managed. We have not obtained any evidence to show how such conflicts have been managed</li></ul>	<p>CCC welcomes the PKF conclusion that the officer was unaware / not the instigator of this position.</p> <p>CCC acknowledges that the impression given was unfortunate and highlights the need for clarity regarding the role of CCC staff and Councillors representing the Council with other bodies (including formal positions within those organisations).</p> <p>CCC accepts this issue as illustrative of the need for CCC to maintain transparent clarity regarding the role of its staff and Councillors in such situations, and specifically that such roles can never provide for a third party to infer (even in error) CCC support to funding or other bidding processes, without explicit written support being evident from the Council.</p>	N/A	<p>A reminder will be issued from the Chief Executive regarding conflicts of interest and the fact that interests may need to be declared even when staff are representing the interests of the Council on partnership boards or other bodies.</p> <p>Further clarify the role of the Transport Officer in attending community transport operator meetings through an amendment to the relevant Job Description and inclusion of details of the checks to be carried out within the new Grant Monitoring Framework.</p>	<p>To be completed by 31 July 2018</p> <p>COMPLETE (Job Description Update - February 2018; Monitoring Framework - June 2018)</p>	<p>CCC</p> <p>CCC</p>	<p>31/7/2018</p> <p>N/A</p>	<p>Monitoring Officer</p> <p>Executive Director Place &amp; Economy</p>
48	Investigate how complaints relating to this matter were investigated by both the FDC and the CCC and report the outcomes received by complainants.	Unproven	FDC and CCC	14.28 to 14.30	Chronology and rationale of response explained	N/A	N/A	N/A	N/A	N/A	N/A	N/A
49	Interview the Transport Officer to confirm the signature on the evidence is his, and then if positive, investigate and report on why the Green Biro report stated his confirmation of his trustee status was declared in error.	as above	CCC	14.31	See scope 47 & 48	N/A	N/A	N/A	N/A	N/A	N/A	N/A
50	Investigate whether all appropriate declaration of interest forms have been completed by members of staff (particularly within the council strategic transport and procurement departments) and of all councillors sitting on the FACT/HACT/ESACT board or employed by them and whether any current declarations have been entered post Woodcote Report.	Proven	CCC	14.32 to 14.56	Probably proven - not sure it answers Officers point unable to trace expected declarations	CCC accepts that its processes and advice for employees and Cllrs regarding potential conflicts of interest could be improved.	N/A	<p>The Code of Conduct for Employees shall be reviewed to ensure it is sufficiently explicit that:</p> <ul style="list-style-type: none"><li>- any CCC role represents the Council</li><li>- any Other role that may conflict with the Council must be disclosed either annually or as and when an incident provokes a potential conflict</li></ul> <p>Cllrs will be invited annually to discuss their roles (both CCC and Other) to be provided with advice from the Monitoring Officer and ensure their formal declaration of interests is up to date.</p>	To be completed by 31/7/2018 ONGOING	CCC	31/07/2018	Monitoring Officer

51	Investigate and check that the Council's procedures in respect of awarding transport contracts have been followed, comply with appropriate guidelines and have been advertised in accordance with procedures and guidelines.	Mostly Unproven	CCC	14.57 to 14.58	The sample tested confirmed that in normal circumstances procurement procedures and guidelines are followed. However, as noted above in relation to the HACT start-up, contracts procurement procedures were not followed	CCC accepts that in respect of the novation of contracts to HACT, its processes in relation to procurement in this area fell below the required standard. The Council has instigated a project to re-tender all contracts in this area.	N/A	<p>The Business Continuity Plan for passenger, social and education transport services should be comprehensively revised and updated. In particular this should clarify correct procedure in the event of supplier failure, including the correct procedures for obtaining authorisation for any temporary emergency transfer of contracts. This should include following the County Council exemption process for any procurement outside normal Contract Procedure Rules, which will ensure a clear audit trail of authorisation, and that any such temporary contracts awarded should be re-tendered as soon as possible.</p> <p>All contracts held by FACT, HACT and ESACT should be re-tendered to ensure free and open competition has been undertaken for all contracts previously awarded to these organisations.</p>	<p>COMPLETE (May 2018)</p> <p>COMPLETE (All Day Centre Transport Contracts have been re-tendered and awarded as of April 2018; Local Bus Contracts and Education Transport Contracts have been retendered, with award dates expected in July and Aug)</p>	CCC	N/A	Executive Director Place & Economy
52	Investigate favourable invoice terms for the FACT group i.e. whether they are favourable over other suppliers.	Unproven	CCC	14.59 to 14.63	<p>- A number of invoices from FACT have an 'Urgent' stamp annotated on them. Enquiries by CCC Internal Audit have established that this mark was applied by staff working within either Education Transport or other teams receiving invoices. If an invoice is received by CCC from a supplier containing a shorter payment terms than CCC's 30 day terms, previously they would be stamped as urgent and ask P2P (the Payment department) to speed up payment if possible. However, following a letter from Graham Hughes all suppliers were informed that after Monday 31st October 2016 CCC would no longer be able to process invoices on shorter payment terms (See Exhibit MKM 52(7)). It is understood that this system would have been applied to any supplier submitting invoices with shorter payment terms, not just FACT and its sister organisations</p> <p>- It does not appear that FACT, HACT and ESACT receive terms which are more favourable than any other supplier of goods and services</p>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
53	In respect of 3 complaints to the CCC and 1 complaint to the FDC, ensure they were dealt with in accordance with Council complaints procedure and follow appropriate guidelines. Investigate the specifics of each complaint have been followed up and dealt with as appropriate and report whether the outcomes received by complainants addressed all issues raised.	Unproven	CCC and FDC	14.64 to 14.98	<p>- In respect of the CCC complaints they appear to have been dealt with in accordance with CCC procedures, however, we have not had sight of how the CCC complaint 1 was resolved (if at all)</p> <p>- The FDC reply does not deal with the individual items of concern on a point by point basis. It did indicate that CCC was responsible for dealing with Section 19 permits. It also signposts the complainant to the pending audit which was published in August 2013 and the scope of that audit which included the issue of eligibility (See Exhibit DH53(8) paragraph 4). The issue of advertising was addressed by FDC in a response to Councillor Patrick in February 2014 (See Exhibit DH 46(4))</p>	<p>The PKF report appears clear that whilst those concerns submitted through the formal complaints procedure appear to have been dealt with properly, this reports findings highlights the wider failure of CCC to engage with the concerns being highlighted regarding Community Transport issues (as covered in these 55 issues).</p> <p>The Council accepts the report and apologies to the complainants for not engaging effectively in their concerns.</p>	N/A	N/A	N/A	N/A	N/A	N/A
FOI Requests												
54	By reference to Council procedures, investigate and report the handling of FOI requests 5709, 3509, 3348, and 5779. Assess more recent examples provided by the CBCTA as to whether the CCC has operated in breach of the FOI Act and whether information has been denied the CBCTA which it had a right to view and whether the CCC redacted the information in line with the ACT.	Proven	CCC	15.1 to 15.51	<p>- That the information provided under the FOI requests in respect of the HACT contract awards at start-up were incorrect and lead to protracted correspondence which could have been avoided if the correct information had been provided initially</p> <p>- Two contracts (PRC3 and PRC4) were transferred to HACT but have been omitted from all relevant FOI responses</p> <p>- FOI 3509 incorrectly referred to the use of emergency powers</p> <p>- In relation to redaction of information, CCC's IGT complied with the legislation by applying the public interest test and in their view redaction was justified under section 43(2) of the Act as they believed that without redaction the information was likely to have an adverse effect on the commercial interests of FACT. This was a subjective test which was subsequently overruled by the ICO and the redacted information was produced as requested</p>	<p>FOI is often a challenging area to balance the transparency of public activities and the resources required to serve all requests.</p> <p>It is considered probable that the PKF findings are illustrative of wider improvements needed within CCC's FOI processes.</p> <p>It accepted that the initial decision not to share information through FOI was incorrect, and not representative of the Council's desire to operate transparently.</p>	N/A	<p>Chief Executive to commission a review to identify whether the issue in respect of these FOI requests originated from the Council's FOI team or the Transport Team which passed information on to the FOI team.</p> <p>Conduct a review of record-keeping and filing processes in the Transport Teams to ensure that information is easily accessible in the event of FOI requests etc.</p>	<p>COMPLETE</p> <p>COMPLETE</p>	CCC	31/7/2018	Monitoring Officer
										CCC	N/A	Executive Director Place & Economy

Other												
55	Advertising on Thompson Local	Unproven	FACT	16.1 to 16.9	It is clear from the screen shots produced at Exhibit DH 55(1) that search engines were bringing back details which suggested that FACT was a business associated with the words 'taxi' 'mini-cab' 'cab' and private hire. PKFL has been unable to establish whether in 2012, when these allegations were made, whether FACT was registered as a free user with Thomson Local or Google. FACT have commented that they have never knowingly subscribed	Cambridgeshire County Council to conduct a review of fitness to contract with FACT/HACT/ESACT in light of the findings of this report.	N/A	The F&GP will undertake internal investigations in respect of staffing implications from the report findings and advise on any action taken.	See above in relation to finding 1	FH&E	06/08/2018	F&GP Chairman
								Should matters regarding breaches of licensing be highlighted to CCC as licensing authority, such claims will be investigated.	ONGOING	CCC	N/A	Executive Director Place & Economy