Committee report

SPT

Systems review of school transport administration

Committee	Audit and Standards

Date of meeting 14 September 2018   **Date of report**   4 September 2018

Report by Assistant Chief Executive

1. Object of report

To advise the committee on the findings of a systems review of school transport administration. This engagement is included in the annual Internal Audit plan for 2018/19.

2. Background

Local authorities have a statutory duty to secure school transport for pupils who meet prescribed qualifying criteria. Eleven local authorities in the Partnership area have appointed SPT to act as their agent in procuring and administering contracts for the provision of mainstream school transport services.

Contracts for school transport are awarded to bus operators via the Public Contracts Scotland electronic tendering system. The appropriate local authority approves the contract award and SPT manages the contract including payments to operators and contract compliance monitoring.

The objective of this engagement was to review and evaluate the internal control and administration systems in place for school transport.

This engagement tested elements of the internal controls and mitigation against SPT 20: failure or disruption to the bus market as identified in the corporate risk register.

3. Outline of findings

During 2017/18, the school transport section administered 2,083 mainstream contacts with associated payments totalling £27.6m and 518 temporary contracts with associated payments totalling £1.1m.

Engagement testing (June 2018) identified a requirement to review the conditions of contract taking cognisance of new processes and procedures. Digital systems user controls and systems interoperability also require to be reviewed.

There are areas for improvement, and these areas have been addressed by nine audit recommendations. Bus services management have agreed to implement these recommendations, which are currently being actioned.

4. Conclusions

Audit and Assurance has undertaken a systems review of school transport administration. Areas for improvement have been identified and nine recommendations have been agreed.

Key controls exist and are applied consistently and effectively in the majority of areas tested.

Reasonable assurance can be taken from the areas covered in this engagement.

5. Committee action

The committee is asked to note the contents of this report and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to a meeting in approximately six months.

6. Consequences

Policy consequences	*None*
Legal consequences	*None*
Financial consequences	*None*
Personnel consequences	*None*
Social Inclusion consequences	*None*
Risk consequences	*As detailed in the report*

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Name   Gordon Maclennan

Title   **Assistant Chief Executive**

Title   **Chief Executive**

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Agreed action plan: systems review of school transport administration

No.	Recommendation	Priority	Action Proposed	Lead Officer(s)	Due date	Implemented
1	Conditions of contract Subsequent to changes in systems and procedures, the impact on the Conditions of Contract should be kept under review to ensure they are fit for practice and reflect current requirements e.g. in relation to completion of service disruption reports, enforceable penalties. **Note:** It is understood that school transport administration procedural guidance is being updated to reflect recent change to processes.	Low	The Conditions of Contract are reviewed periodically/annually. The Conditions of Contract will be refreshed to reflect service disruption reports and application of financial penalties.	Bus Services Manager	December 2018	
2	Reporting Internal governance arrangements for school transport administration should be reviewed and consideration given to presenting school transport monitoring reports to committee.	Low	School transport administration reporting arrangements will be reviewed.	Bus Services Manager	November 2018	

No.	Recommendation	Priority	Action Proposed	Lead Officer(s)	Due date	Implemented
3	Digital system access Bus Services management should agree a procedure with Digital to enhance the currency of systems users list for leavers and transfers being notified and updated timeously; including: • the active users list should be reviewed and cleansed for staff which have left or transferred to different roles within SPT; • privileges awarded to staff are commensurate with their duties; • time-barring external users after a predetermined period of inactivity.	Medium	Bus Services management will liaise with Digital to review: • arrangements for the systems user list remains current; • the active system user list with a view to removing leavers or staff no longer requiring access to digital system(s); • changes to systems access levels including removal.	Bus Services Manager / Schools Team Leader / Digital Manager	October 2018	
4	Systems administration The Digital Manager should define and document the business rules for use of the Microsoft Office OneDrive digital application. These should then be communicated to all staff for adherence. **Note:** this may also apply to other applications (e.g. drop box) in use.	Medium	Systems access and user roles will be reviewed and defined.	Digital Manager	October 2018	

No.	Recommendation	Priority	Action Proposed	Lead Officer(s)	Due date	Implemented
5	Systems interoperability and functionality Bus Services management in conjunction with Digital should review digital system interfaces and manual processes to ensure that they meet service delivery objectives, including: • data movement and change controls; • use of the digital assessment tool; • completeness and accuracy of operator service disruption reports and enforcement of subsequent deductions; • exceptions reporting; • digital systems logical defaults; • warnings process administration.	Medium	Bus Services management will continue to liaise with Digital during the development of bus services systems. A steering group has been formed to: • monitor development of digital systems; • address issues and risks; • review specifications and outcomes.	Bus Services Manager / Network Planning Team Leader / Schools Team Leader / Digital Manager	September 2018	
6	Procurement tracking Digital records should be reviewed and enhanced to record changes in the duration of contract(s) from the original specification and quotes received for temporary contracts.	Medium	Digital records will be refreshed to include contract changes and quotes for temporary contracts.	Schools Team Leader	September 2018	
7	Temporary contact awards Bus Services management should risk assess the process of initiating temporary contract awards.	Medium	Bus Services management will review and risk assess the process of awarding temporary contracts (put in place of suspended contracts).	Bus Services Manager / Schools Team Leader	September 2018	

No.	Recommendation	Priority	Action Proposed	Lead Officer(s)	Due date	Implemented
8	Warning letters and penalty application The warnings process should be reviewed to ensure it is current and efficient, including: • cumulative warning administration; • workflow, processes and timescales; • penalty application and monitoring arrangements.	Medium	Bus Services management will review the warning process to ensure it is operating efficiently and effectively and that penalty application is timeous.	Bus Services Manager / Schools Team Leader	September 2018	
9	Digital systems functionality Bus Services management should review digital user access to financial adjustment modules and receive exception reports from digital system.	Medium	Bus Services management will review digital user access levels to financial adjustment modules and reporting arrangements.	Bus Services Manager / Schools Team Leader	September 2018	

High: A fundamental control that should be addressed as soon as possible;
Medium: An important control that should be addressed within three months
Low: An issue which is not fundamental but should be addressed within six months to improve the overall control environment.