

SUBJECT: Response to Unsatisfactory Audit Opinion of Passenger Transport Unit from Audit Committee meeting on 22nd October 2015.

MEETING: Audit Committee

DATE: 21st April 2016

DIVISION/WARDS AFFECTED: All

1, PURPOSE:

To provide information to members of the audit committee on the steps taken to address the Unsatisfactory Audit opinion of Passenger Transport Unit following a verbal response at Audit Committee meeting held on 14th January 2016.

2. RECOMMENDATIONS:

a). That the committee note the report and its contents.

3. KEY ISSUES :

The report highlighted the following areas of concern within the audit report The response to these issues is detailed below each point.

- Vehicle procurement was not openly advertised as required prior to the selection process taking place;

Response: This is now advertised via Sell to Wales although it has meant a large reduction in interested parties who will not go through the process of signing up due to timescales and complexity We also have a member of staff doing procurement examinations to become fully qualified so that we comply with all regulations moving forward.

- The process for selecting successful suppliers of used vehicles was not open and transparent;

Response: We have a matrix in place for doing this but this is proving to be complex and it can mean that we may not get the vehicle we want as discussed with audit , example a 61 plate at 100K may score better than a 13 plate at £150K on price but not quality but because price difference is wide the % need to be correct . as we are not comparing like for like this will work on new vehicles but for second use vehicles as you are not comparing like for like it is not so easy to achieve the right balance.

- Mechanical inspections of second hand vehicles were not adequately evidenced prior to purchase;

Response: This will be evidenced as part of the matrix when evaluation takes place.

- It was unclear during the review if the use of external maintenance (for some maintenance) was a cost effective solution for the Authority.

Response: We have for a long time stated that we would like to bring maintenance in house but we don't have the facilities to do this so to comply with traffic commissioner regulations and DVSA we have to get this done externally We would welcome a new depot facility but it is not proving to be easy to find at an affordable cost to be sustainable.

- A maintenance contract (above EU Procurement thresholds) was signed without any tender process taking place;

Response: The contract was an extension of a previous contract and was signed to conform with DVSA & Traffic Commissioner requirements. The tender for this would not be over EU threshold as we could only tender for the known elements such as inspections the auditor added on the spare parts and maintenance work undertaken over the period. We have discussed this with procurement and are working on a suitable tender document for this to be tendered for the known elements in the future.

- One vehicle was identified which was not serviced within the required timeframe but remained operational;

Response: This was a vehicle that had been presented to Raglan for its inspection but for some reason had not been inspected and was subsequently given back to us to use, this was a permit vehicle and not part of our Operators licence. We have put new checking systems in place for this as transport hold the records on these we have now requested that a copy of the inspection report is given to us when these have been completed.

- There was no system in place to actively monitor individual vehicle maintenance costs to inform future budgetary and vehicle replacement decisions;

Response: We had costs identified on a gross basis but these were not sufficient so we have now put in place a system to monitor these costs per vehicle Also had an independent audit carried out on all maintenance items by LLoyd Morgan Group and passed with 100% compliance.

- Information could not be provided on a sample of private hire bookings selected as information relating to those bookings had not been retained;

Response: Some of the samples asked for were not private hire bookings they were for buses used on training, also as explained to the auditor not all bookings would have e-mail trails as they may be made by phone or by word of mouth it was also a period where we had a temporary member of staff in place covering maternity leave so when the full time member of staff returned she deleted some of the e-mails as they had been dealt with, we said we would get these back from SRS but the auditor said he would run another sample. All the samples were on our system that were private hires for him to run the sample but he wanted the initial e-mails and as explained this may not have been possible.

- The real cost of providing private hire bookings was unclear. The current costing system does not take into account vehicle maintenance, purchase costs or any administration in the booking process. In addition, inaccuracies were found in the costing used;

Response:The auditor was given the costings and how they were worked out with the percentages added he wanted them broken down further which we have now done we have a pricing matrix in place that does this that any member of staff can use. The inaccuracies mentioned were actually different percentages of profit earned which will be the case in different circumstances, we obviously have a minimum but for local jobs this would not realise the full potential of the commercial costings as some costs will be smaller generating a higher % profit.

- Clients of private hire bookings were not informed of the terms and conditions of booking and at the time of review the conditions requiring payment before the journey was not being implemented;

Response:The terms and conditions were being given to the clients via a link to the website on the confirmation letters sent out , we do collect private payments now before the job takes place we cannot do this for all bookings such as schools outside the authority or self drive hires

- The 2013/14 budget was overspent, and an overspend is already being forecast for 2014/15. This was caused by both an overspend on expenditure and also failure to hit the budgeted income;

Response:This has been addressed within the MTFP and cuts that had been implemented on the budget for SEN schools and not realised , Cuts to WG grants and a very large increase in projected income that was not achievable have been re addressed a lot of the spend on the budget is outside our control and decided by pupil numbers and circumstances.

- High levels of debt continue to exist with private hire bookings.

Response:This has been addressed and a lot of the debt has been found in unallocated income unfortunately when payments are made by other authorities or organisations we don't have the remittance advices and payments to check these , they can be lumped together in unallocated income Current debt levels are much lower and for 14/15 is about £5k all our invoicing is now done through sundry debtors.

4. REASONS:

This report is for information and is a follow up to the verbal update given at the Audit Committee Meeting on 14th January 2016.

5. RESOURCE IMPLICATIONS:

None as part of this report

6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:

None as part of this report.

7. CONSULTEES:

Chief Internal Auditor
Internal Audit Department
Head of Operations.
Head of Finance.

8. BACKGROUND PAPERS: None

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10. CONTACT DETAILS:

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