

Report to the Audit and Governance Committee on 11th October 2019 on actions taken in relation to key recommendations made in the 'Procurement of Short Term Transport Arrangements for Social Care' internal audit report

Lead Officer(s): Philip Williams (Lead Commissioner, Community Infrastructure)

Presenting Officer(s): As above

Summary of Audit Area

The Integrated Transport Unit (ITU) operates a Dynamic Purchasing System (DPS) for procuring ad-hoc transport for use by vulnerable adults and children. Social workers wishing to procure transport arrangements (periods for less than two weeks) and to be arranged at short notice can commission this via Staffnet/Taxis. If the requirements are to continue beyond two weeks the officer commissioning the service should then complete a more detailed request form to enable the ITU to make the arrangements which are usually procured at a reduced rate due to the increased security of work to the operator.

Summary Terms of Reference of the Audit

This audit reviewed the commissioning of contracts for less than two weeks to provide assurance that (where required), longer contractual arrangements are established in a timely manner and that short term contracts are not being rolled over; and the safeguarding controls relating to approved transport providers.

Risks

- Council use of non approved operators;
- Safeguarding protocol measures are not adhered to, leading to safeguarding risks;
- Misuse of Council resources resulting in overspend and non achievement of value for money; and
- Reputational damage to the Council.

Key Findings

The introduction of a protocol for staff wishing to procure transport is to be supported and used by all staff. Discussions are currently underway between the ITU and Social Care to improve the current process by possibly increasing the initial two-week arrangement to six weeks, fully considering any risks associated with this extension of time.

There were several examples identified by audit, the most recent being 4th December 2018, where frontline Social Care staff continue to use transport providers who are not on the approved providers list, thereby potentially putting vulnerable children and adults at risk, coupled with exposing the Council to serious consequences were an incident to occur.

The approved providers have applied to be on the Council's list and have supplied documentation which, at the time of being added to the system, gave assurance that they and their drivers can provide the requisite services. However, over the period of time since the protocol of verifying providers and drivers has been introduced, there are elements of those checks that are now out of date and the Council is at risk by not addressing gaps in processes, the Disclosure and Barring Service (DBS) checks in particular.

Another factor for seeking change is the amount of administration time being incurred by ITU in resolving queries arising from invoices and providers and quantifying that time to generate recharges of costs to Social Care.

On reviewing the ITU monitoring sheet for all types of contracts awarded for transport dating from 15th July 2011 to 4th December 2018, 3,582 contracts are listed but 73 companies have between them not returned a total of 484 contracts dating back to 6th June 2014. Despite this, at the point of audit contracts were still being issued to providers e.g. one of whom had not returned 54 since May 2017, however a 55th contract was issued to that provider on 4th December 2018. Not having formally agreed contracts in place exposes the Council to significant risk.

The records maintained by the Business Service Centre (BSC), indicated that there are some 3,391 out of date Council ID Badges that have not been returned by transport providers or confirmed by the providers as having been destroyed and are, therefore, potentially still in circulation with a risk of fraudulent use. The Transport Engineers who conduct random spot checks on taxis have confirmed witnessing some drivers with several badges but the drivers refused to hand the out of date badges over to them and the Transport Engineers did not feel empowered to insist on taking them back into Council possession.

A risk register for the 'Non-compliance with Processes for Ordering Transport for Clients', including nine risks was commenced by the Senior Risk Management Advisor in February 2018 with several Social Care staff. Discussion with relevant Social Care staff confirmed that the risk register was incomplete at the point of audit, out of date and had not been integrated into day to day business practices.

Action taken as at the end of September 2019 and/or proposed

The Internal Audit report raised ten recommendations as follows:

Recommendation 1

Audit recommendation (High Priority):

The Integrated Transport Unit and Social Care teams to formally review and update the procurement of short term transport for social care processes to ensure they are lean, user friendly and incorporate safeguarding and risk assessments. This could be completed via an options appraisal.

Once approved, the updated approach should be appropriately communicated to all relevant teams.

Original management response:

The process of procurement for short term transport is currently being reviewed in partnership with the social care teams to make it more user friendly and fit for purpose.

Risks around value for money and safeguarding in the main stem from some social workers who do not use the agreed system and instead procure transport on their own. The ITU and the Children's Safeguarding & Care team are currently working together to address this. New guidance will be issued to all upon completion of this review. The proposal is for a small team of 'Champions' from social care to trial the updated system in a user testing period prior to wider roll-out.

Management update as at September 2019: An agreed process is in place for the order, procurement, award and management of social care transport contracts. The result is that all contracts ordered via the ITU are procured with approved suppliers and that the contracts are legally binding with all aspects of safeguarding covered (e.g. CCTV on all vehicles). There is a continued open dialogue between ITU and Social Care teams in order to advise on this compliant process and to tackle any instances of transport being procured outside of this system. ITU, Social Care, IMS, Commercial Services, Legal Services and the SEN teams have all been involved in this work. We are all confident contracts are legal, enforceable and provide the best possible value for money.

Recommendation 2

Audit recommendation (Medium Priority):

Access to the electronic files and folders currently only accessible by the Senior Contracts Officer and the former Contracts and Compliance Manager should be reviewed and updated where appropriate, to include other appropriate ITU managers.

Original management response:

The issue leading to this recommendation has already been resolved. Access to files and folders has been granted to the ITU senior management team.

Management update as at September 2019: Resolved.

Recommendation 3

Audit recommendation (High Priority):

With regard to the ITU contracts monitoring sheet:

- *The monitoring sheet should be reviewed and updated to confirm the current Council position, including whether the companies are still in business and whether contracts are still in place.*
- *Where contracts remain outstanding, service providers should be contacted and informed that confirmation of their acceptance to all existing contracts is mandatory (i.e. where not received, consideration to alternative service provision would be made) and required within a short turn around period.*
- *Refresh to the contract process and monitoring approach should be considered e.g. an electronic new system of issuing contracts and receiving the provider acceptance by email, prior to the contract commencing (to ensure that service provision is only delivered where an agreed contract is in place).*

Original management response:

A Senior Contracts Officer is reviewing and updating the monitoring sheet to ensure all information including the status of each operator and contract included is accurate.

There is a process in place to both acquire signed contract on award, and to follow this up with the operator should the signed contract not be forthcoming from the operator. We are not able to withhold payment in the even of an unsigned contract; however there is now an additional checking mechanism in place linked to the payment process. We believe this process is far more robust.

We understand that GCC is looking at a new e-contract system to accomplish the above electronically, this will be revisited when appropriate and in the meantime we will continue chasing the signed contracts as outlined above.

Management update as at September 2019: All company information the council holds has been reviewed and updated. All outstanding contract returns have been identified and tackled. A new procedure is in place to monitor this daily and to follow up with operators. We are working with Commercial Services with regard to a possible new corporate electronic contract document system which ITU is keen to trial.

Recommendation 4

Audit recommendation (Medium Priority):

Recharges of ES (2-week) contracts, where the number of days exceeds 14 days, should be accounted for under the appropriate budgets by pro-rata to the actual number of days.

Original management response:

A reminder system is being developed and implemented to minimise the instances of ES contracts operating past their scheduled end date. If transport is required past the 2 week limit then a full DPS compliant procedure must be followed. Only where a business case for safeguarding purposes has been submitted by a Children's Safeguarding & Care team member will a continuation of the direct award ES contract be considered.

Recharges are being carried out one month in arrears. Any extension of an ES contract that complies with the requirement above will be priced on pro-rata basis as per the recommendation.

Management update as at September 2019: Original management response stands, this has been resolved and process implemented to ensure it remains so.

Recommendation 5

Audit recommendation (High Priority):

Social Care managers should instruct all staff involved in the process of procuring transport that it is their duty to safeguard the vulnerable children and adults in their care by following the agreed protocol in procuring only approved transport providers on the ITU list on Staffnet i.e. the use of this defined process is mandatory.

Original management response:

A reminder of the process is to be issued to all staff through the communication channels. In addition, to this the leadership team for Children's Social Care are reminded not to allow any spend outside of the agreed provider list. This will be monitored through the processes in place in the teams which will identify if any spend on transport comes in outside of the ITU.

Management update as at September 2019: This is the most likely way of transport being procured outside of the approved system. We ensure that we tackle any incident of non-approved suppliers being procured by Social Care. Managers in Childrens Social care and ITU work very closely together on training, information sharing and correct practice.

Recommendation 6

Audit recommendation (Medium Priority):

The hard-copy compliance audit documents should be scanned onto the electronic ITU filing system and either held in secure storage or securely destroyed.

Original management response:

A robust system has been put in place to securely store all audit documents. A hard copy is kept in a locked cabinet, only authorised Officers have access. An electronic copy is stored on a secure part of the shared network drive, access is restricted to authorised Officers.

Management update as at September 2019: Resolved as per original management response.

Recommendation 7

Audit recommendation (High Priority):

In order to have up to date information and documentation on the approved providers, ITU need to introduce more robust and resilient measures, e.g.

- ITU reliance on the Transport Engineers from the Communities and Infrastructure Business Admin Support needs to be formalised and structured to ensure that key information, documentation, drivers and vehicles is verified; and*
- Providers must annually submit scanned copies of key documents, e.g. who is the owner/has legal liability, who is the point of contact, DBS monitoring records, City/District Council badges, Safeguarding course attendance, Insurances, etc.*

Original management response:

Audits of operators have commenced and will be carried out annually for all. Some operators will be subject to additional audits where necessary (e.g. concerns are raised over their suitability). A full audit system has been created, necessary forms have been standardised and all key documents are requested from operators. This request is mandatory and a pre-requisite to becoming an approved DPS supplier. Failure to supply any of the required key documents to ITU will result in the supplier being removed from the system and all contracts being retendered. The supplier will then have to reapply to the DPS as if they are a new supplier. For a genuine new supplier application, a full audit will be undertaken prior to the commencement of the first contract awarded.

The ITU has also reviewed the DPS application questions to ensure they are appropriate.

Management update as at September 2019: Supplier audit system outlined in the original management response is robust, working and in place. We are confident suppliers are audited upon application and annually thereafter. We also have capacity for ad-hoc audits when required.

Recommendation 8

Audit recommendation (High Priority):

Update to the transport provider and driver Council ID badge processes should be considered and introduced:

- *Ownership of the control of badges should be reviewed and confirmed (e.g. should the ITU have control over them as part of their holistic view of providers and the process).*
- *The current spreadsheet should separate the out of date badge holders and in date badge holders. Providers with drivers who hold out of date badges must be contacted and requested to either return the out of date badges or confirm by email that they have securely destroyed them. Their responses can then in-fill the spreadsheet and give assurance that, in the event of an incident arising from the use of a badge, the Council can demonstrate that it was informed that the badge had been securely destroyed.*
- *The Transport Engineers from the Communities and Infrastructure Business Admin Support must be provided with the authority to remove out of date badges and current badges if their spot checks provide serious concerns. Providers must be informed of the Transport Engineers having that delegated authority.*

Original management response:

The ITU is to liaise with DBS team to give the Transport Engineers the necessary authority to remove badges from operators and/or drivers where necessary. Once this authority is granted ITU will inform all suppliers of this.

ITU will also develop a process to manage this and take appropriate action where suppliers do not comply (e.g. the refusal to return badges to the ITU upon request could result in compliance action).

Management update as at September 2019: 1) resolved. 2) working with the BSC team who administer this spread sheet. 3) Transport Engineers are empowered to remove any badges that are out of date or non-compliant in another way.

Recommendation 9

Audit recommendation (High Priority):

The DBS process should be reviewed, to provide a solution to the potential risk of DBS gap in years 2 and 3.

Original management response:

ITU agrees with this recommendation and will liaise with DBS team to develop appropriate action plan.

Management update as at September 2019: All current DBS applications require the badge holder to sign up to the update service. We are working with the internal DBS team to define a feasible process that regularly checks this service to reduce the risk of a 'DBS gap' after the first year of a contract.

Recommendation 10

Audit recommendation (Medium Priority):

The Risk Register covering the Procurement of Transport for Social Care should be completed, shared with relevant staff and added to the appropriate InPhase pages. This exercise should include involvement from and promotion with both Social Care and the ITU.

The risk register should then form part of business as usual, be updated and monitored accordingly.

Original management response:

This will develop naturally from discussions with Social Care around risks, we will formalise this in a risk register and follow this recommendation. We have no authority over social workers so require full co-operation from social care management in order to mitigate some of the major risks in safeguarding and procurement compliance relating to social care transport. ITU has provided detailed guidelines to the necessary Officers.

Management update as at September 2019: The risk register is currently being created, a work group is in place and the completed register will be available by 1 November 2019.