



Internal Audit Report
Education and Children's Services
09020 – School Transport (Entitlement)
May 2010

Final Report

Chief Executive's Services
Perth & Kinross Council
2 High Street
Perth PH1 5PH

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Background and Introduction

Pupils who live beyond walking distance from their catchment school are entitled to free transport provided by Perth and Kinross Council (PKC). "Walking distance", as defined by PKC, derived from statute, is two miles for primary school pupils and three miles for pupils attending secondary school. Some pupils with additional support needs, and those unable to reach school by a safe walking route, are also entitled.

Legislation and national guidance provide a framework for determining entitlement and give local authorities discretion and encouragement to extend service provision beyond the statutory criteria. Councils also decide how the service will be delivered.

Approximately 4,400 pupils receive free home to school transport annually. The service budget is £5.9 million in 2009/10; the average annual cost of transporting each pupil to school and home is more than £1,400. It is therefore important that a robust procedure is in place to verify entitlement. This task is the responsibility of the Education and Children's Services (ECS) Business and Operations Team. During academic year 2008/9, the Service examined 1,154 applications; 1,052 were approved, and 102 refused, with six appeals which were upheld.

The audit included interviews with staff, review of procedures and documentation, and re-performance testing of approved and refused claims for free school transport.

This audit was carried out as part of the approved audit plan for 2009/2010, and complements Internal Audit Report 07023, considered by the Audit Sub-Committee on 28.5.08, which examined the delivery of school transport services.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation from the staff of Education and Children's Services received during this audit.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective 1: To ensure that Council policy on school transport entitlement has been determined upon the basis of legislation and national guidance, and is integrated with the Council's plans and strategies.
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Auditor's Comments: PKC's school transport policy has not been formally reviewed since 1996, when the Council adopted the existing education policies of the former Tayside Regional Council. Education & Children's Services has nevertheless amended procedures to ensure the Council's statutory responsibilities are fulfilled. However, there is scope for a revised school transport policy to better aid the

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achievement of relevant PKC goals.	
Strength of Internal Controls:	Moderate

Control Objective 2: To ensure that there are adequate and appropriate procedures based on the Council's policy, which provide effective guidance to staff and to members of the public; and to verify that these procedures are being applied in practice.	
Auditor's Comments: Procedures are adequate and appropriate with the exception of separation of duties. There is scope to incorporate current Business and Operations Team working practices into a revised formal policy, to secure the endorsement of committee. Guidance is generally effective but in some cases is incomplete (e.g., regarding transport to denominational schools), and may have misled (e.g., regarding status and remit of the Lifelong Learning Committee's Review Sub-Committee as described in PKC web-pages and School Handbooks).	
Strength of Internal Controls:	Moderate

Control Objective 3: To ensure that pupils eligible for free transport, in terms of relevant entitlement criteria, duly receive such transport.	
Auditor's Comments: Internal Audit examined a sample of fifteen cases in which ECS had rejected applicants' claims of entitlement to free transport. The ECS assessment was re-performed, and in all but one case agreed.	
Strength of Internal Controls:	Moderate

Control Objective 4: To ensure that pupils ineligible for free transport do not receive it.	
Auditor's Comments: Internal Audit examined a sample of thirty cases in which ECS had approved applicants' claims of entitlement to free transport. The ECS assessment was re-performed, and in all cases agreed.	
Strength of Internal Controls:	Strong

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each

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'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Irons, Depute Chief Executive

J Fyffe, Executive Director (Education & Children's Services)

A Taylor, Head of Support Services

K Robertson, Operations Manager (Business and Operational Support)

M Kay, Senior Committee Officer

P Dickson, Complaints & Governance Officer

External Auditor

Authorisation

The auditor for this assignment was R D Watt. The supervising auditor was J Clark.

This report is authorised for issue:

Jackie Clark
Acting Chief Internal Auditor
Date: 27 May 2010

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Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Review of School Transport Policy	High
2	Retention of documentation	Medium
3	Evidencing claim determination	Medium
4	Separation of duties	Medium
5	Denial of service	High
6	Informing committee of school transport arrangements	Medium
7	Status of Review Sub-Committee	Low
8	Grounds for appeal	Low
9	Checking transport provision to transport approval	Low

Action Point 1 - Review of School Transport Policy

In 1996, responsibility for education provision in Perth and Kinross was transferred from Tayside Regional Council to the new PKC; the latter formally endorsed the former's policies. PKC's school transport policy has not since been reviewed however the relevant legislation has been supplemented and further options available to Councils have not been presented to Committee.

In consequence:

In one case, the service was unable to confirm a pupil's catchment secondary school by reference to original documentary evidence (see Action Point 5). This issue would be addressed by securing committee confirmation of existing catchment boundaries.

ECS grants free transport to children baptised as Roman Catholic and resident in certain parishes, the parents of whom have chosen to send their children to PKC's denominational schools. The service procedure is based on committee policy regarding admissions to denominational schools; and is consistent with an exemption granted to Scottish local authorities by the Equality Act 2006. However, the procedure has not been endorsed by committee. Furthermore, the procedure has not been communicated to the public, including potential beneficiaries.

Given the Council's discretionary powers, there is scope for school transport policy to contribute to the achievement of PKC's strategic goals, which have been substantially revised since 1996. For example, the Single Outcome Agreement of 2009 aims to increase the proportion of pupils travelling to school by bicycle; and school travel plans across Perth and Kinross, as well as Safer Routes to Schools projects, encourage the benefits of cycling.

Management Action Plan

The School Transport Policy will be subject to review and reported to the Lifelong Learning Committee.

Importance:	High
Responsible Officer(s):	K Robertson, Operations Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	May 2011
Required Evidence of Completion:	Report to Lifelong Learning Committee

Auditor's Comments

Satisfactory

Action Point 2 - Retention of documentation

According to PKC record management policy as set out in the Record Retention Schedule, application forms and supporting documentation submitted for free school transport should be retained for as long as the pupil attends the school.

However, it is ECS practice to hold copies of the current school year's applications in the Business and Operations Unit, with the original forms being sent to The Environment Service for action; to archive these copy forms in the next year; and to destroy the documents in the year following. Consequently ECS holds claim and approval documentation for less than half the pupils currently receiving free transport.

Management Action Plan

Original application forms will be retained for the period of attendance at the school. It has been agreed that The Environment Service will be responsible for the records management issues.

Importance:	Medium
Responsible Officer(s):	K Robertson, Operations Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	July 2010
Required Evidence of Completion:	Revised Record Retention Schedule

Auditor's Comments

Satisfactory

Action Point 3 - Evidencing claim determination

In most cases, where the pupil resides more than the statutory walking distance from school, determining entitlement to free school transport is straightforward. In these cases, the standard application form provides sufficient space for ECS to record the checks made, and the approval or rejection of the claim.

In some cases, determination is less straightforward. The audit found a lack of supporting documentation to evidence entitlement in several such cases. In all of the audited cases, sufficient evidence to support the approval of entitlement was identified following discussions with responsible staff. However, there is a risk that in the event of a challenge to a determination in the absence of current personnel, the service may find it difficult to support its approval or rejection.

Management Action Plan

The application form will be reviewed, as part of the overall review of the School Transport Policy, to ensure that all appropriate information can be recorded in full or referenced as appropriate.

Importance:	Medium
Responsible Officer(s):	K Robertson, Operations Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	May 2011
Required Evidence of Completion:	Revised application form

Auditor's Comments

Satisfactory

Action Point 4 - Separation of duties

The task of determining entitlement is carried out by one very experienced officer for mainstream education and one for children with additional needs. There is no routine re-performance checking of this officer's work. In the absence of a re-performance check of at least a proportion of applications, on a scale which reflects management's assessment of the ability and experience of the officer carrying out the determinations, there is a risk that errors in determination may not be identified in Education & Children's Services, leading to incorrect approval and/or rejection of applications.

Management Action Plan

[1] The Service will introduce a procedure for sample checking approvals and rejections. All cases where refusals are challenged should be reviewed by an independent officer.

[2] The review of the form will allow this check to be documented on the application form.

Importance:	Medium
Responsible Officer(s):	K Robertson, Operations Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	[1] May 2010 [2] May 2011
Required Evidence of Completion:	[1] The documented procedure [2] Revised application form

Auditor's Comments

Satisfactory

Action Point 5 - Denial of service

Given the costs to the Council, it is essential that ECS procedures ensure that only entitled pupils receive free transport. Equally, given the Council's statutory responsibilities and the costs to parents of transporting children to school, it is also essential for ECS procedures to ensure that entitled pupils receive free transport. In one case, out of 45 applications examined during the review, there was insufficient evidence available during the audit to support ECS's rejection of an application, as there were inconsistencies in information available regarding pupils transferring from one primary school to their appropriate secondary school. The inconsistencies arose between ECS' guide "Basic Information" which is published annually, Service practice and the original maps as inherited from Tayside Regional Council, which detail only catchments for primary schools.

Management Action Plan

The Service has investigated with the archivist and the schools the source of the information to clarify their accuracy and ensure that there are no inconsistencies between published information. In the case highlighted, the Service confirmed that correct decision had been made.

Importance:	High
Responsible Officer(s):	K Robertson, Operations Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	Completed
Required Evidence of Completion:	Clarification of the catchment areas in line with source documentation

Auditor's Comments

Satisfactory

Action Point 6 - Informing committee of school transport arrangements

According to the Council’s Scheme of Administration, the Lifelong Learning Committee is responsible for overseeing implementation of the relevant legislation for school transport and for formulating relevant policy. The Executive Director (ECS) is responsible for implementing the policy and for the relevant budget.

The Scheme of Administration empowers the Executive Director (Environment), “To carry out the management and administration of the day to day operation of school and special education transport on behalf of the Executive Director (ECS)... including the specification, tendering, and award of conveyance contracts”.

The results of these tendering exercises have been reported to the Environment & Infrastructure Committee for approval of the award of the contracts.

Management Action Plan

The value of contracts for School Transport as reported to the Enterprise & Infrastructure Committee as part of the contracts awarded for Public, Education and Community Care Transport, be referred to within the report to Lifelong Learning Committee on Tenders Accepted and Works Awarded Under Delegated Powers.

Importance:	Medium
Responsible Officer(s):	K Robertson, Operations Manager
Lead Service:	Education & Children’s Services
Date for Completion (Month / Year):	August 2011
Required Evidence of Completion:	Report to Lifelong Learning Committee

Auditor’s Comments

Satisfactory

Action Point 7 - Status of Review Sub-Committee

In information provided to the public, the Lifelong Learning Committee's Review Sub-Committee is incorrectly referred to as a service body. The PKC website identifies the body as "the Review Sub-Committee of ECS"; and school handbooks for parents use the same description.

Management Action Plan

[1] The website will be changed to reflect the correct status of the Review Sub-Committee.

[2] Schools will be advised of the requirement to amend their handbooks.

Importance:	Low
Responsible Officer(s):	K Robertson, Operations Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	[1] Completed [2] Completed
Required Evidence of Completion:	[1] Change to the website [2] Advice to schools

Auditor's Comments

Satisfactory

Action Point 8 - Grounds for appeal

The Council's Scheme of Administration sets out the responsibilities of the Lifelong Learning Committee's Review Sub-Committee. These include: "It shall be delegated to the Sub-Committee to consider and decide upon [...] Appeals against the refusal or the withdrawal of education transport".

However, the PKC public website, school handbooks for parents, and advice given to councillors by officers, identify a narrower remit for the Review Sub-Committee in that they place restrictions on who is entitled to appeal.

According to the PKC website, "Parents of pupils who are refused school transport have the right to appeal to the Review Sub-Committee... only on grounds of safety or if transport is withdrawn". The same wording features in school handbooks. This is supported by an ECS presentation to the Review Sub-Committee which highlights, "the right to appeal is only awarded where the Council has provided and then withdrawn free transport from a particular pupil or where transport has been refused and an appeal is made on safety grounds".

According to the Services' interpretation, applying these criteria would restrict the right of appeal for those pupils who will be attending a new school where these are on different sites. Such applicants' only right of appeal will be on the grounds of safety as no pupils have been previously admitted to the schools and therefore transport is not being withdrawn.

Management Action Plan

The Scheme of Administration will be amended to reflect the correct status of the Review Sub-Committee.

Importance:	Low
Responsible Officer(s):	G Taylor, Head of Democratic Services
Lead Service:	Chief Executive's Service
Date for Completion (Month / Year):	June 2010
Required Evidence of Completion:	Revised Scheme of Administration

Auditor's Comments

Satisfactory

Action Point 9 - Checking transport provision to transport approval

Following determination of entitlement by ECS Business and Operations Unit, approved school transport applications are forwarded to the Environment Service, which then organises transport on behalf of ECS. The Environment Service subsequently provides ECS Operations Unit with a list for each transport contract, which identifies the contractor, the school and the pupils served by the contract, and any further specific requirements.

ECS has no procedure in place to check that the transport arranged by the Environment Service satisfies all of the requirements approved by ECS. This may be a concern with regard to some pupils having been identified as requiring an escort. In two cases audited, information provided by the Environment Service to ECS omitted reference to the escorts provided.

The Service states that service users would highlight if the approved transportation arrangements were not in place.

Management Action Plan

[1] The Operations Manager will contact the Public Transport Manager to ensure that information received from him includes relevant information, such as where escorts are provided or where transport has been provided on a concessionary basis.

[2] A check will be undertaken by ECS to ensure that all children requiring additional support have their approved transport needs accurately recorded on the information provided by The Environment Service.

Importance:	Low
Responsible Officer(s):	K Robertson, Operations Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	[1] Completed [2] July 2010
Required Evidence of Completion:	[1] Schedule detailing relevant information [2] Schedule detailing transport needs

Auditor's Comments

Satisfactory