




Concessionary Fares Key Controls 2017/18

Final Report


Issue Date: 30th June 2018

Working in Partnership to Deliver Audit Excellence




Executive Summary

-  This section provides an overview for senior management to understand the main conclusions of this audit review, including the opinion, significant findings and a summary of the corporate risk exposure.

Findings and Outcomes

-  This section contains the more detailed findings identified during this review for consideration by service managers. It details individual findings together with the potential risk exposure and an action plan for addressing the risk.

Appendices:

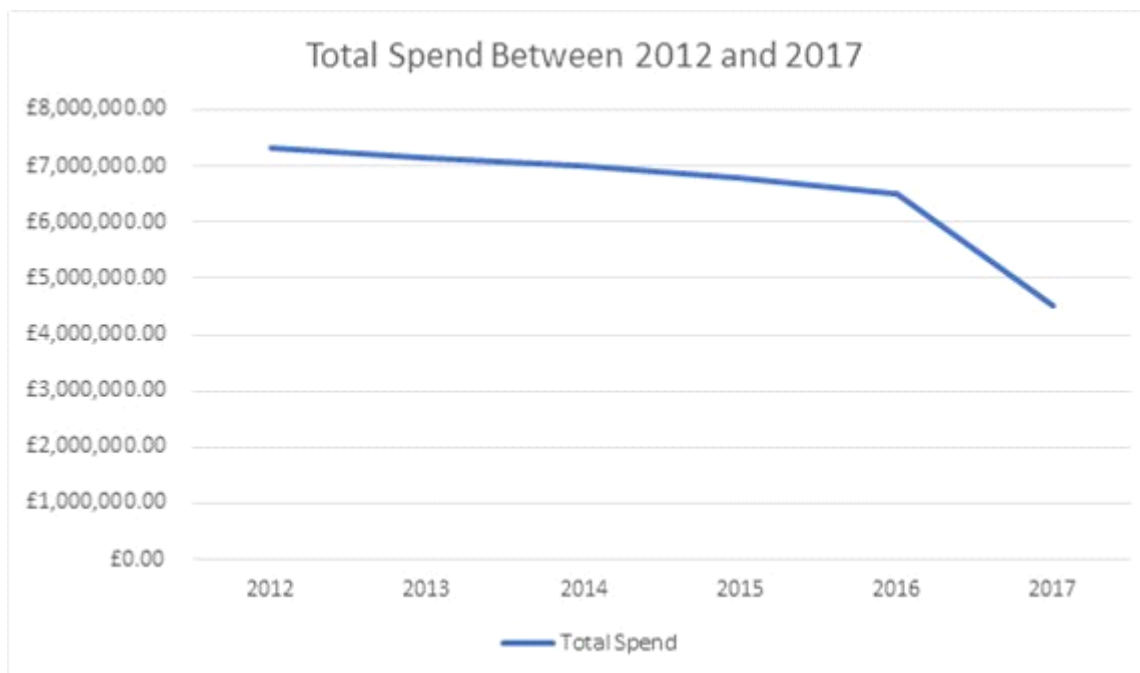
-  Audit Framework Definitions
-  Support and Distribution
-  Statement of Responsibility

Executive Summary

Overview

As part of the 2017/18 audit plan a review has been undertaken to assess the adequacy of the controls and procedures in place for the Concessionary Fare travel scheme operating in Somerset County Council (SCC). Significant audit activity has taken part in this area since 2014 due to issues with the way in which the scheme was operating, specifically a lack of verification checks on operator claims. In March 2017 a review was carried out by SWAP and this found there to be a high risk of over-claiming by bus operators, either as a result of fraud or error.

The chart below summarises SCC's spend on concessionary fare reimbursements between 2012/13 and 2017/18. Over this period annual spend has reduced from £7.34m in 2012/13 to £4.5m at the close of 2017/18. Since the collapse of WebberBus Ltd in 2016, most of reimbursement spend has been made to the largest operator, First Bus.



SCC has acted to reduce overall spend and introduce additional controls for concessionary fares. This has included a decision taken to only allow the use concessionary fare passes to be presented from 09:30 on weekdays, in line with national scheme requirements, and a reduction in the reimbursement factor. Spend has also reduced because some operators, such as WebberBus Ltd and Nippybus, have ceased operating, as well as other operators reducing the number of services they run.

A dedicated Concessionary Fares Officer was appointed in July 2017 and there is now a process in place to validate reimbursement claims using HOPS (Host Operating or Processing System) smart ticketing data, which identifies concessionary tickets that have been scanned on buses. HOPS data does not include concessionary tickets that are processed manually; therefore, the Somerset Concessionary Travel Scheme has been revised for 2018-19 to include a requirement for operators to declare the proportion of manual and smartcard concessionary tickets. However, HOPS data does not provide information about ticket sales or revenue, which is used to calculate the average fare and have a direct influence on reimbursement due to operators.

Objective

To provide assurance that the concessionary fares claims from bus operators are correctly calculated and that they are legitimate SCC liabilities.

Significant Findings

Finding:	Risk:
Though a claim verification process is in place, we identified that use of the HOPS data did not identify all discrepancies we found from review of third party data.	Checks are not sufficient to identify all discrepancies for claimed journeys or false information provided by operators, meaning operators may receive excess payment.
The validation process does not extend to commercial ticket sale and revenue information included in reimbursement claims by operators.	

Audit Opinion:

Partial

We can offer partial assurance. In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Significant improvements have been made to the control framework for the Concessionary Fare scheme. Since the last audit that took place in March 2017, a dedicated Concessionary Fares Officer has been appointed. Validation of reimbursement claims using HOPS data, and any required follow up with operators, are key responsibilities of this role. Work has been undertaken to ensure operators are aware of the need to separate cross-county journeys and to improve the accuracy of the recording of stop locations to aid in this process. The Somerset Concessionary Travel Scheme has been revised from 1st April 2018 to include a requirement for all operators to declare the number of concessionary tickets which have been manually processed and therefore do not appear within HOPS data. A tolerance rate of 5% has been introduced and operators who exceed the limits will be contacted to establish the reasons for this. A tool for recording and comparing information recorded on reimbursement claims is now in place. Hence further improvements in controls are expected from April 2018.

A fixed deal which provides a set level of reimbursement has been agreed with the largest operator in Somerset, First Bus. Alongside this fixed deal, a grant was given to First to help them install smart ticketing machines on all their buses to address significant data quality concerns. Although work has been undertaken with First, it has not been possible to provide assurance whether this deal is cost effective and provides value for money. This is due to historic issues with the accuracy of First data, as noted by the external consultants, Systra, during the initial phase of the deal. We have also been informed that First has not responded to recent data requests from SCC, which has resulted in a warning that SCC will withhold reimbursement payments. As noted under Method & Scope First claim submissions have not been assessed during this review due to the above and this has contributed to our decision to provide partial assurance at this time, though a further audit is planned for 2018/19.

Though a validation process is now in place, we identified some weaknesses with the accuracy of the data that is used by SCC for validation checks. This may result in discrepancies not being identified or followed up when required. In addition, checks are not completed on commercial ticket sale and revenue information included by operators on their reimbursement claims as this information is not owned by SCC. However, this information is used to establish the average fare

and therefore it has a direct impact on reimbursement levels, but currently there are no controls in place to prevent or identify inflation of reported figures, which could leave SCC open to fraud.

Corporate Risk Assessment			
Risks	Inherent Risk Assessment	Manager's Initial Assessment	Auditor's Assessment
1. Bus operators' reimbursement claims overstate the value of concessionary fares when claiming from SCC.	High	Medium	Medium

Findings and Outcomes

Method and Scope

This audit has been undertaken using an agreed risk-based approach. This means that:

- the objectives and risks are discussed and agreed with management at the outset of the audit;
- the controls established to manage risks are discussed with key staff and relevant documentation reviewed;
- these controls are evaluated to assess whether they are proportionate to the risks and evidence sought to confirm controls are operating effectively;
- at the end of the audit, findings are discussed at a close-out meeting with the main contact and suggestions for improvement are agreed.

Although we acknowledge that significant work has been undertaken to ensure 'B' operators are compliant with the scheme, due to the comparatively minimal impact should issues occur, the focus of this audit has been on the larger, 'A' operators.

Three operators – South West Coaches, Faresaver and Hatch Green Coaches – were selected for testing through discussion with service officers. For each operator a sample of routes was selected, and we analysed operator commercial data to establish the accuracy of claims submitted to SCC between April and December 2017.

Due to known issues with the accuracy of data available to the largest operator, First Bus, their reimbursement claims have not been analysed as part of this audit, though we performed a review of arrangements relating to the fixed deal recently agreed by First Bus and SCC. Due to time constraints we have not fully investigated the reasons for discrepancies identified for commercial tickets.

Our testing focused on the period prior to 1st April 2018 where some requirements of the new Somerset Concessionary Travel Scheme, such as declaration of manual tickets, were being piloted but could not be enforced by SCC.

1.	Bus operators' reimbursement claims overstate the value of concessionary fares when claiming from SCC.	Medium
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1.1 Financial and trend analysis

Through interviews held with the Concessionary Fares Officer, we determined that there is currently no financial or trend analysis that is undertaken. This is largely due to a lack of data being gathered from reimbursement claims. This is expected to change once the Concessionary Fares Officer has obtained at least a year's worth of data and issues with the validity of the data, such as incorrect location coding, has been resolved. Significant work has been undertaken in this area and the Concessionary Fares Officer expects financial and trend analysis to take place starting in the financial year 2018/19.

The suggestions made by the Concessionary Fares Officer for analysis were predominantly for financial analysis. There is, however, trend analysis that could be undertaken and be of value to the Council. This might include trend analysis on Somerset issued cards being used outside of Somerset, review of patronage, revenue and average fares declared by operators, as well as reimbursement levels.

Without trend analysis being carried out, there is a risk that the Council will not be aware of any significant increases or changes in concessionary fares payments or in the operating of the scheme.

1.1a Proposed Outcome: Priority 3

We recommend the Concessionary Fares Officer ensures financial and trend analysis is carried out from April 2018. This should include trend analysis on aspects such as:

- Somerset cards being used in other areas
- changes to routes and passenger numbers
- average fare, patronage and reimbursement levels

Action Plan:

Person Responsible:	Concessionary Fares Officer	Target Date:	From Q1 2018-19
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Management Response:	A concessionary fares tool has now been introduced and this allows trend analysis using information provided on claim forms, including period to period comparison. This will be used regularly after 2018-19 Q1 claims have been submitted to allow trends to be tracked.
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1.2 Completion of the claim form by operators

A review of the concessionary fare forms submitted by Hatch Green Coaches, Faresaver and South West Coaches was carried out. During this review we found that the manual override box of the form is not completed consistently by operators. If operators complete the manual override box this would improve the quality of analysis and ensure any issues with ticketing machines are flagged to the Concessionary Fares Officer. It would also help to inform the percentage of manual overrides that should be acceptable, which is currently set at 5%.

If operators do not fully complete the reimbursement form, there is a risk that the Council is not made aware of any issues that might be causing an under or over claim.

1.2a Proposed Outcome: Priority 3

We recommend the Concessionary Fares Officer liaises with the operators to ensure they are aware of the need to complete the manual override box on the claim form.

Action Plan:

Person Responsible:	Concessionary Fares Officer	Target Date:	From Q1 2018-19
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Management Response:	The use of the manual override box was being trialled during Q3 and Q4 of 2017-18 however because this was not a mandatory requirement of the Somerset Concessionary Travel Scheme in place at the time it could not be enforced. This has now been included in the 2018-19 Scheme and claim forms have been amended to reflect the additional information required. Any operator submitting a claim with any missing data will have their claim returned for completion before any reimbursement will be considered.
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1.3 Validation spreadsheet

The Concessionary Fare Officer carries out comparisons between the data provided by operators on the claims forms and the data supplied by Smart Applications Management. This is to determine if there are any discrepancies that could cause an over or under claim. Following this analysis, the Concessionary Fares Officer will contact the operator and request an explanation for the discrepancy. The analysis is carried out using a spreadsheet, examples of which were provided.

A review of the spreadsheet used found that it was not obvious where the data referred to was obtained from or what analysis had been carried out. We also found that most of the calculations are carried out manually. Though we did not identify any specific errors, use of manual calculations

means there is an increased risk of user error, and this would undermine the accuracy of validation checks.

1.3a Proposed Outcome: Priority 3

We recommend that the Concessionary Fares Officer amends the validation spreadsheet to include calculation formulae.

Action Plan:

Person Responsible:	Concessionary Fares Officer	Target Date:	From Q1 2018-19
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Management Response:	The spreadsheet has been developing since the HOPS dashboard started being used to verify claims in July 2017. This spreadsheet is now being formalised and modified for 2018-19 to include formulae and conditional formatting to automatically calculate and highlight variances as part of the validation process.
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1.4 Commercial analysis and fare tables

A core principle of the concessionary fare scheme is that no operator should be better or worse off because of the scheme. To ensure this is upheld, the reimbursement is calculated in part using an average fare from tickets sold on each operator’s network. When claiming reimbursement operators are required to confirm the number of adult single, return, weekly, day and carnet tickets sold in Somerset in the claim period, and the revenue from these sales, which form the average fare.

Though checks to verify the number of concessionary journeys claimed by operators have been introduced following the appointment of the Concessionary Fares Officer, currently no checks are completed to verify the accuracy of ticket sales and revenue recorded by operators. This is, in part, because HOPS data accessible to SCC does not provide information on commercial sales, and there has not been a consistent practice of requesting commercial data from operators. The 2018-19 Somerset Concessionary Travel Scheme (SCTS) states that ‘operators must supply... any data requested to verify claims... this data may concern paying passengers to enable the average fare calculated to be verified.’

Similarly, there has not been a process in place to agree with operators how they should categorise tickets they sell on the reimbursement form. Without such agreements it may not be possible to accurately replicate the information an operator has provided. Clause 4.41 of the SCTS now requires operators to submit a list of all adult ticket types sold on an annual basis to facilitate this.

For each of the operators selected for this audit, comparisons were carried out between the commercial data provided by the Operators on the claim forms and the commercial data on the smart ticketing data. For all operators, discrepancies were found every month between these figures. For one operator, it was found that on average the 2017/18 commercial claims were overstated by 277%. This could be indicative of a lack of understanding from the operators as to the type of tickets that should be included on the claim form. A full breakdown of our analysis is included in this report as appendices A, B and C.

It was also confirmed that fare tables for the operators have not been requested as standard, though this is set to change from April 2018. The fare tables are paramount to checking that the average fare is reasonable and the total revenue claimed by the operator is correct.

Without checks to verify the commercial information included on claims made by the operators, there is a risk that operators will inflate the fare charged with the intention of obtaining a higher average fare for the concessionary journeys and any errors made will remain undetected.

1.4a	Proposed Outcome:	Priority 4	
<p>We recommend that the Concessionary Fare Officer carries out regular sense checks of the commercial claim made by operators, using trend analysis to identify the operators that should be focused on. Such checks should be carried out using third party commercial data, where this is possible. Fare tables should be obtained from all operators and used for these checks.</p>			
Action Plan:			
Person Responsible:	Concessionary Fares Officer	Target Date:	By Q1 2018-19 claim
Management Response:	<p>All operators have been asked to submit updated fare tables alongside their Q1 reimbursement Claims if they have not already done so. There have been some issues with CPICC codes which affect both HOPS and back office data, and work has been ongoing to address these. The data cleansing carried out already on CPICC codes has led to a considerable improvement in the accuracy of operator claims already.</p>		

1.5	Data analysis		
<p>Since the last audit was completed and the Concessionary Fares Officer was appointed, a verification process for reimbursement claims has been introduced. This compares the total number of concessionary journeys claimed by the operator against HOPS data, with an agreed tolerance of 5% for manual tickets which would not be present in the HOPS data. Operators are now required to declare the number of manual overrides in the claim period, so this can now be sense checked.</p> <p>We analysed third party commercial data obtained from each of the three operators to establish whether they had claimed the correct number of concessionary journeys on these routes for each month between April and December 2017. We obtained this data because it would contain all concessionary ticket transactions, including manual tickets which would be missing from HOPS data; and because this is the data that operators should base their reimbursement claims on. A total of eight routes were selected for testing, meaning a total of 72 checks were performed. From this we identified 15 instances where the number of concessionary journeys recorded on the claim form differed from the total we identified through analysis by more than 5%. This included 11 instances where an operator included fewer journeys than we identified in our analysis, and four instances where they had reported more journeys than we identified. A full breakdown of our analysis is included in this report as appendices A, B and C.</p> <p>Where discrepancies were found, these were followed up with the Concessionary Fares Officer to determine if a satisfactory reason had been obtained. During this process, we found that the Concessionary Fares Operator was not aware of some of the discrepancies due to the differences between the third-party data and the HOPS data used by the Concessionary Fares Officer for analysis. In some cases, the difference between the data sets was as much as 30%.</p> <p>Though the third-party data has advantages over the HOPS data, SCC does not have access to this data other than by requesting this data from operators. As explained there is a clause in the SCTS which requires operators to provide data to substantiate their reimbursement claims upon a request from SCC. If this data is not used more frequently, there is reduced assurance that discrepancies in reimbursement claims will be identified.</p>			

1.5a	Proposed Outcome:	Priority 4	
<p>I recommend the Concessionary Fares Officer liaises with the operators and Ticketer to gain access to this data. This should be provided quarterly by operators or directly from Ticketer to allow for accurate analysis.</p>			
Action Plan:			
Person Responsible:	Concessionary Fares Officer	Target Date:	From Q2 2018-19

Management Response:	<p>Back office data will be requested from operators on a spot check basis to compare with HOPS data and the number of manual concessionary tickets declared on operator reimbursement claims. Bus surveys will also be undertaken to further verify ticket types and patronage declared by operators. We will also liaise with operators, Ticketer and Smartcard Applications Management (SAM) to seek direct access to source data, again on a spot-check basis. With current resource levels it will not be possible to request source data from operators / third party providers and compare this with claims for every quarter for every operator; instead we propose a more proportionate spot-check regime which checks operator claims retrospectively on a rolling basis across one or two financial years.</p>
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1.6 Fixed deal for First Bus

Somerset County Council has entered into an agreement with First Bus services that standardises the annual reimbursement to be made to First. The figure agreed to be paid for 2017/18 was £3,309,553. The deal includes a provision where if the reimbursement claimed by First is 5% lower or greater than the agreed figure, the difference will be paid or offset by the other party. This was based on work carried out by external consultants, Systra.

The analysis carried out by Systra was based on data provided by First, though it was acknowledged that only two months of data (January and February 2017) were used in the analysis. This is, in part, due to issues with the Concessionary Pass Reimbursement Cost Centre (CPRCC) codes in HOPS data, which confirm the county in which a bus a stop is located. As operators are meant to claim reimbursement for journeys which commence within the local authority area, such issues increase the likelihood that reimbursement submissions are not fully accurate. Significant work has been carried out since the Concessionary Fare Officer was appointed to resolve these issues, but some are still incorrect. Issues were compounded by First not having smart ticketing machines and, therefore, potentially unreliable data, though ticketing machines have now been installed.

A review of the concessionary fare claim forms from First for 2016/17 found that total reimbursement due was £2,302,496.45. In 2017/18, for the period April 2017 to January 2018, the total due to be paid to First was £2,691,345.03.

Although this represents a significant difference between the claimed figures and the agreed figures, it should be noted that accurate analysis cannot be carried out for First at this time. This is due to smart ticketing machines only being installed for First buses in April 2018. Once data has been received from these machines, more accurate analysis can be carried out to determine if the fixed deal represents best value for all parties.

Appendix A: South West Coaches Data Analysis

The tables below summarise our analysis of information include in reimbursement claims submitted by South West Coaches between April and December 2017 against commercial data provided by Vix and HOPS data obtained from SAM.

Concessionary journeys:

Route	Month	Concessionary journeys (claim form)	Concessionary journeys (third party data)	Variance	Variance (%)	Concessionary journeys (HOPS data)	Variance against claim form	Variance against claim form (%)	Variance against third party data	Variance against third party data (%)
11	Apr	3,710	3,706	4	0%	3,699	11	0%	-7	0%
11	May	3,988	3,997	-9	0%	3,993	-5	0%	-4	0%
11	Jun	3,816	3,817	-1	0%	3,815	1	0%	-2	0%
11	Jul	3,821	3,821	0	0%	3,799	22	1%	-22	1%
11	Aug	3,531	4,306	-775	-18%	3,372	159	5%	-934	28%
11	Sep	4,147	4,149	-2	0%	4,142	5	0%	-7	0%
11	Oct	4,463	4,344	119	3%	4,251	212	5%	-93	2%
11	Nov	4,570	4,166	404	10%	3,797	773	20%	-369	10%
11	Dec	4,052	4,046	6	0%	4,040	12	0%	-6	0%
		36,098	36,352	-254	-1%	34,908	1,190	3%	-1,444	4%
68	Apr	3,057	3,056	1	0%	3,051	6	0%	-5	0%
68	May	3,269	3,266	3	0%	3,259	10	0%	-7	0%
68	Jun	3,583	3,770	-187	-5%	3,752	-169	-5%	-18	0%
68	Jul	4,714	4,713	1	0%	4,695	19	0%	-18	0%
68	Aug	4,816	4,821	-5	0%	4,816	0	0%	-5	0%
68	Sep	4,378	4,381	-3	0%	4,333	45	1%	-48	1%

68	Oct	4,973	4,950	23	0%	4,926	47	1%	-24	0%
68	Nov	5,063	5,039	24	0%	5,022	41	1%	-17	0%
68	Dec	4,382	4,523	-141	-3%	4,461	-79	-2%	-62	1%
		38,235	38,519	-284	-1%	38,315	-80	0%	-204	1%
96	Apr	2,690	2,401	289	12%	1,986	704	35%	-415	21%
96	May	2,695	2,696	-1	0%	2,286	409	18%	-410	18%
96	Jun	2,552	2,653	-101	-4%	2,244	308	14%	-409	18%
96	Jul	2,889	2,889	0	0%	2,391	498	21%	-498	21%
96	Aug	2,517	2,765	-248	-9%	2,113	404	19%	-652	31%
96	Sep	2,807	2,860	-53	-2%	2,219	588	26%	-641	29%
96	Oct	3,065	3,063	2	0%	2,573	492	19%	-490	19%
96	Nov	3,028	3,025	3	0%	2,554	474	19%	-471	18%
96	Dec	3,234	2,506	728	29%	2,074	1,160	56%	-432	21%
		25,477	24,858	619	2%	20,440	5,037	25%	-4,418	22%

Paid for tickets:

Route	Month	Commercial journeys (claim form)	Commercial journeys (third party data)	Variance	Variance (%)
11	Apr	1,285	1,184	101	9%
11	May	1,480	1,299	181	14%
11	Jun	1,455	1,361	94	7%
11	Jul	1,402	1,241	161	13%
11	Aug	1,183	1,398	-215	-15%
11	Sep	1,490	1,334	156	12%
11	Oct	1,510	1,411	99	7%

11	Nov	1,560	1,431	129	9%
11	Dec	1,479	1,387	92	7%
		12,844	12,046	798	7%
68	Apr	1,285	1,294	-9	-1%
68	May	1,363	1,411	-48	-3%
68	Jun	1,469	1,507	-38	-3%
68	Jul	1,644	1,699	-55	-3%
68	Aug	1,868	1,907	-39	-2%
68	Sep	1,702	1,756	-54	-3%
68	Oct	1,784	1,839	-55	-3%
68	Nov	1,789	1,840	-51	-3%
68	Dec	1,723	1,914	-191	-10%
		14,627	15,167	-540	-4%
96	Apr	2,021	1,872	149	8%
96	May	2,315	2,190	125	6%
96	Jun	2,338	2,237	101	5%
96	Jul	2,086	2,056	30	1%
96	Aug	1,908	2,116	-208	-10%
96	Sep	2,610	2,520	90	4%
96	Oct	2,530	2,365	165	7%
96	Nov	2,797	2,537	260	10%
96	Dec	2,253	2,107	146	7%
		20,858	20,000	858	4%

Appendix B: Faresaver Data Analysis

The tables below summarise our analysis of information include in reimbursement claims submitted by Faresaver (Fosseway) between April and December 2017 against commercial data provided by Ticketer and HOPS data obtained from SAM.

Concessionary journeys:

Route	Month	Concessionary journeys (claim form)	Concessionary journeys (third party data)	Variance	Variance (%)	Concessionary journeys (HOPS data)	Variance against claim form	Variance against claim form (%)	Variance against third party data	Variance against third party data (%)
X34	Apr	1,328	1,744	-416	-24%	1,246	82	7%	498	40%
X34	May	1,469	1,889	-420	-22%	1,442	27	2%	447	31%
X34	Jun	1,436	1,839	-403	-22%	1,406	30	2%	433	31%
X34	Jul	1,541	1,980	-439	-22%	1,525	16	1%	455	30%
X34	Aug	1,498	1,915	-417	-22%	1,468	30	2%	447	30%
X34	Sep	1,372	1,744	-372	-21%	1,346	26	2%	398	30%
X34	Oct	1,457	1,772	-315	-18%	1,395	62	4%	377	27%
X34	Nov	1,571	1,922	-351	-18%	1,509	62	4%	413	27%
X34	Dec	1,182	1,448	-266	-18%	1,080	102	9%	368	34%
		12,854	16,253	-3,399	-21%	12,417	437	4%	3,836	31%
X67	Apr	2,527	2,448	79	3%	2,377	150	6%	71	3%
X67	May	2,448	2,527	-79	-3%	2,506	-58	-2%	21	1%
X67	Jun	2,366	2,366	0	0%	2,325	41	2%	41	2%
X67	Jul	2,492	2,492	0	0%	2,466	26	1%	26	1%
X67	Aug	2,572	2,572	0	0%	2,524	48	2%	48	2%
X67	Sep	2,507	2,507	0	0%	2,491	16	1%	16	1%

X67	Oct	2,767	2,738	29	1%	2,708	59	2%	30	1%
X67	Nov	3,152	3,085	67	2%	3,018	134	4%	67	2%
X67	Dec	2,712	2,382	330	14%	2,052	660	32%	330	16%
		23,543	23,117	426	2%	22,467	1,076	5%	650	3%

Paid for tickets:

Route	Month	Concessionary journeys (claim form)	Concessionary journeys (third party data)	Variance	Variance (%)
X34	Apr	5,525	938	4,587	489%
X34	May	5,957	980	4,977	508%
X34	Jun	6,160	982	5,178	527%
X34	Jul	6,215	1,022	5,193	508%
X34	Aug	6,362	972	5,390	555%
X34	Sep	5,917	971	4,946	509%
X34	Oct	5,989	933	5,056	542%
X34	Nov	6,014	896	5,118	571%
X34	Dec	5,268	778	4,490	577%
		53,407	8,472	44,935	530%
X67	Apr	1,389	1,113	276	25%
X67	May	1,702	1,295	407	31%
X67	Jun	1,626	1,263	363	29%
X67	Jul	1,636	1,215	421	35%
X67	Aug	1,753	1,355	398	29%
X67	Sep	1,775	1,329	446	34%
X67	Oct	1,792	1,390	402	29%
X67	Nov	1,865	1,431	434	30%

X67	Dec	1,642	1,248	394	32%
		15,180	11,639	3,541	30%

Appendix C: Hatch Green Coaches Data Analysis

The tables below summarise our analysis of information include in reimbursement claims submitted by Hatch Green Coaches between April and December 2017 against commercial data provided by Ticketer and HOPS data obtained from SAM.

Concessionary journeys:

Route	Month	Concessionary journeys (claim form)	Concessionary journeys (third party data)	Variance	Variance (%)	Concessionary journeys (HOPS data)	Variance against claim form	Variance against claim form (%)	Variance against third party data	Variance against third party data (%)
16	Apr	1119	1119	0	0%	1,118	1	0%	1	0%
16	May	1161	1161	0	0%	1,161	0	0%	0	0%
16	Jun	1208	1208	0	0%	1,209	-1	0%	-1	0%
16	Jul	1302	1302	0	0%	1,302	0	0%	0	0%
16	Aug	1281	1281	0	0%	1,281	0	0%	0	0%
16	Sep	959	959	0	0%	959	0	0%	0	0%
16	Oct	1011	1011	0	0%	1,012	-1	0%	-1	0%
16	Nov	1039	1039	0	0%	1,040	-1	0%	-1	0%
16	Dec	1064	1064	0	0%	1,064	0	0%	0	0%
		10,144	10,144	0	0%	10,146	-2	0%	-2	0%
97	Apr	2269	2269	0	0%	2,269	0	0%	0	0%
97	May	2485	2485	0	0%	2,485	0	0%	0	0%
97	Jun	2446	2446	0	0%	2,446	0	0%	0	0%
97	Jul	2457	2457	0	0%	2,457	0	0%	0	0%
97	Aug	2645	2645	0	0%	2,646	-1	0%	-1	0%
97	Sep	2561	2561	0	0%	2,561	0	0%	0	0%

97	Oct	2560	2560	0	0%	2,560	0	0%	0	0%
97	Nov	2500	2500	0	0%	2,500	0	0%	0	0%
97	Dec	2613	2613	0	0%	2,613	0	0%	0	0%
		22,536	22,536	0	0%	22,537	-1	0%	-1	0%
98	Apr	50	50	0	0%	50	0	0%	0	0%
98	May	65	65	0	0%	65	0	0%	0	0%
98	Jun	60	60	0	0%	60	0	0%	0	0%
98	Jul	63	63	0	0%	63	0	0%	0	0%
98	Aug	69	69	0	0%	69	0	0%	0	0%
98	Sep	67	67	0	0%	67	0	0%	0	0%
98	Oct	67	67	0	0%	67	0	0%	0	0%
98	Nov	56	56	0	0%	56	0	0%	0	0%
98	Dec	45	45	0	0%	45	0	0%	0	0%
		542	542	0	0%	542	0	0%	0	0%

Paid for tickets:

Route	Month	Concessionary journeys (claim form)	Concessionary journeys (third party data)	Variance	Variance (%)
16	Apr	555	740	-185	-25%
16	May	647	873	-226	-26%
16	Jun	661	888	-227	-26%
16	Jul	642	849	-207	-24%
16	Aug	625	822	-197	-24%
16	Sep	718	915	-197	-22%
16	Oct	698	922	-224	-24%
16	Nov	768	1011	-243	-24%

16	Dec	615	758	-143	-19%
		5,929	7,778	-1,849	-24%
97	Apr	389	461	-72	-16%
97	May	449	602	-153	-25%
97	Jun	468	635	-167	-26%
97	Jul	404	555	-151	-27%
97	Aug	395	517	-122	-24%
97	Sep	459	629	-170	-27%
97	Oct	410	578	-168	-29%
97	Nov	455	658	-203	-31%
97	Dec	415	594	-179	-30%
		3,844	5,229	-1,385	-26%
98	Apr	117	139	-22	-16%
98	May	151	180	-29	-16%
98	Jun	155	193	-38	-20%
98	Jul	127	139	-12	-9%
98	Aug	129	152	-23	-15%
98	Sep	158	209	-51	-24%
98	Oct	164	212	-48	-23%
98	Nov	158	219	-61	-28%
98	Dec	103	146	-43	-29%
		1,262	1,589	-327	-21%

Audit Framework and Definitions

Assurance Definitions

None	The areas reviewed were found to be inadequately controlled. Risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5	Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
Priority 4	Important findings that need to be resolved by management.
Priority 3	The accuracy of records is at risk and requires attention.

Priority 2 and 1 Actions will normally be reported verbally to the Service Manager.

Report Authors

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Support

We would like to record our thanks to the following individuals who supported and helped us in the delivery of this audit review:

Sam Shaw, Concessionary Fares Officer
Rosemary Smith, Traffic Survey Officer
Oliver Woodhams, Strategic Manager – Community & Traded Services

Distribution List

This report has been distributed to the following individuals:

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Oliver Woodhams, Strategic Manager – Community & Traded Services
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Working in Partnership with

Cheltenham Borough Council	Powys County Council
Cotswold District Council	Sedgemoor District Council
Devon & Cornwall Police & OPCC	Somerset County Council
Dorset County Council	South Somerset District Council
Dorset Police & OPCC	Taunton Deane Borough Council
East Devon District Council	West Dorset District Council
Forest of Dean District Council	West Oxfordshire District Council
Gloucestershire Police & OPCC	West Somerset Council
Herefordshire Council	Weymouth & Portland Borough Council
Mendip District Council	Wiltshire Council
North Dorset District Council	Wiltshire Police & OPCC

Statement of Responsibility

Conformance with Professional Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.

SWAP Responsibility

Please note that this report has been prepared and distributed in accordance with the agreed Audit Charter and procedures. The report has been prepared for the sole use of the Partnership. No responsibility is assumed by us to any other person or organisation.