



Report of the Head of Highways and Transportation

Special Audit Committee – 9 June 2020

Concessionary Fares – Findings Update Internal Audit Report 2019/2020

Purpose:	To provide an update on the Concessionary Fares audit for 2019/2020 in relation to First Cymru Buses Ltd
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Internal Audit on Concessionary Fares 2019/2020 – Update May 2020

1. Introduction

- 1.1 Under the terms of the All Wales Concessionary Travel scheme, bus companies allow concessionary bus pass holders to travel free and are reimbursed in respect of the travel made by these passengers by local authorities. The bulk of the funding for the concessionary fares claims comes from the Welsh Government with a smaller contribution from Local Authorities which are also responsible for the day to day management of the Scheme in their area.
- 1.2 The Council undertakes an annual audit of the concessionary fares claims submitted by bus operators for revenue 'forgone'. First Cymru Buses accounts for over 90% of the Council's expenditure and is therefore always included in the sample of operators. Following the audit of the company's claims for the 2018/2019 financial year, undertaken in Summer 2019, an assurance level of moderate was given.
- 1.3 An Action Plan was developed to address the issues identified, provide recommendations and put in place appropriate implementation steps.

- 1.4 This report highlights all the High Risk (HR) and Medium Risk (MR) items. All items can be found within the **Appendix A**, which sets out the Audit Report in full and associated actions, Low Risk (LR) items and points of good practice (GP)
- 1.5 The Action Plan identified the following High Risk actions (HR)

Report Ref: 2.2

Recommendation: Officers in the Integrated Transport Unit should liaise with First Cymru to establish the reason(s) for the variances found.

Agreed Action: A further meeting with First Cymru and a representative from E P Morris (as First Cymru's auditors) is planned for 3rd March 2020.

Progress to Date: The meeting was held, as planned. It should be noted that whilst all Local Authorities in Wales re-imburse at the same level, a bus operator is expected to claim from each Local Authority on the basis of where a concessionary pass holder's journey starts. An operator is also expected to establish in which Local Authority's area each fare stage for each service is located. The information used to determine the bus company's claims is taken from their electronic ticket machines which record where passengers board and what type of ticket they use.

It was determined that:

- a. there were shortcomings by the company in relation to the latter, and claims for journeys starting at the University Bay Campus should have been claimed from Neath Port Talbot County Council rather than Swansea Council
- b. there were also instances of fare stages with the same name having been allocated to the wrong Local Authority's area
- c. the calculations for the claims were undertaken by an officer in the Bus Company who was not based in South Wales, and who therefore did not have local geographical knowledge to allow them to accurately identify the fare stages for the various bus services
- d. the company would provide the Council with a list of all its fare stages and to which Local Authority's area each is allocated
- e. any manual changes to the electronic data provided by the company's ticket machine system that could affect its claims would be provided to the Council on a monthly basis
- f. the company had over-claimed from Swansea Council in the region of £24.2k for 2018/2019, and by approximately £6.6k for 2019/2020 to date, and that this sum would be repaid
- g. E P Morris (as First Cymru's auditors) would be calculating the monthly claims to the Council going forward

- 1.6 This action plan identified the following Medium Risk actions (MR)

Report Ref: 2.2 a) and b)

Recommendation: When the reason(s) for the variances are rectified, First Cymru should re-calculate and submit all claims from April 2018 to date.

Agreed Action: First Cymru has already re-calculated its 2018/2019 claims for each depot and these suggest a total over-claim in the region of £24.2k. Claims for each depot for 2019/2020 to date have also been re-calculated, and these suggest an over-claim in the region of £6.6k.

Progress to date:

- a. The company has repaid the Council £31k to date
- b. E P Morris has re-calculated the company's claims for 2019/2020 and these are currently being verified to determine whether a further repayment is necessary
- c. E P Morris is now calculating First Cymru's monthly claims
- d. The Council will be auditing the company's 2019/2020 claims in June 2020, which is earlier than in previous years and will allow for any errors to be addressed sooner

2. Equality and Engagement Implications

2.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above. An EIA screening has been undertaken (Appendix B) which demonstrates that there are no equality implications in relation to this report.

3. Financial Implications

3.1 There are no financial implications other than those set out in the body of the report.

4. Legal Implications

4.1 There are no legal implications other than those set out in the body of the report.

Background Papers: None.

Appendices:

Appendix A: Final Internal Audit Report Concessionary Fares 2019/2020 – Management Action Plan

Appendix B: Environmental Impact Assessment