



SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY

Bus Data Quality

Internal audit report 1.23/24

FINAL

1 December 2023

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1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, 100 per cent of our audit has been conducted remotely. Remote working has meant that we have been able to complete our audit and provide you with the assurances you require. Based on the information provided by you, we have been able to sample test, to complete the work in line with the agreed scope.

Why we completed this audit

Through its devolved powers as a Mayoral Combined Authority, the South Yorkshire Mayoral Combined Authority aims to work with local bus operators to maintain the most effective bus network across the South Yorkshire area. They do this through two main avenues with operators, firstly through concessionary funding to support operators who take lower fare passengers (such as the elderly, disabled or child passengers). The second support mechanism is the tendering of routes which were previously run by a commercial operator, but which have been no longer deemed financially viable without additional funding from the MCA. As a result of rising costs and falling patronage numbers, the MCA has found that its resources to support the network have become increasingly stretched, as more previously commercial routes become withdrawn and more support is required to maintain the network.

This audit reviewed the use of data within the various teams at the MCA who interact with the bus operators and provide the funding to maintain the network, with particular focus on the Tendered Services and Commercial Teams. We reviewed how the MCA makes use of data provided by operators as part of tender returns and concessions claims, to identify any aspects where the two teams might benefit from sharing the available data, or identify potential new uses for data which is readily available. We also undertook testing of data driven processes, such as the assessment of tender returns or the payment of concession claims, to confirm that the processes were well designed and operating effectively.

Conclusion

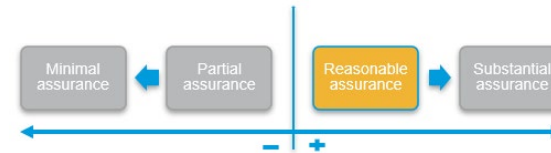
We noted that whilst there have been steps to share and use data effectively, including the development of a joint Tendered Services and Concessions Steering Group, there are areas where the MCA can enhance its use of available data to better inform decision making regarding the cost effectiveness of the two primary tendered service contract offerings of minimum cost against minimum subsidy. We also noted that a number of validation processes for data from operators have not been operating due to resource shortage, and that the MCA was hiring to fill the vacancies to recommence these established validation processes. As a result of our testing, we have agreed four medium actions relating to understanding the circumstances on the network where the MCA should not be making concessionary payments, reviewing the process by which it calculates if a minimum cost or minimum subsidy contract type is more cost effective, updating its process for deciding to put a route out to tender to ensure it is reflective of the current network status, and implementing established performance monitoring for the operators running tendered services routes, to hold them accountable for poor performance.

The detail on the four medium actions can be found in the key findings below, and a summary of all 10 actions, including the six low actions, can be found in section two of this report.

Internal audit opinion:

Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk.



Key findings

We identified the following well designed controls:



The MCA has clear process documents for the verification of operator returns relating to concession payments, which include verification against underlying data. Whilst these have not been completed recently due to resource shortages, the MCA has prioritised filling these vacancies and has informed us that the verification processes for operator returns should recommence shortly.



The MCA has created a Tendered Services and Commissions Steering Group, which has identified the interdependencies between the Concessions and Tendered Services budgets, and work to identify the impacts that decisions made by one team may have on the other, allowing for joint decision making.



The MCA has created dashboard reports for use by the Concessions and Tendered Services Teams, bringing together data from multiple sources to allow for a data driven approach to key decisions. In particular, we noted that the Concessions Dashboard utilises concessions claims against passenger figures to identify large gaps between the claimed number of concessions and the recorded passengers from ticket data.



Our sample testing of 10 concessions paid by the MCA confirmed that in all 10 instances, the payment matched to the claimed concessions figures, utilised the correct reimbursement rate as per the various concessions models, and the agreed payment amount could be traced through to the payment ledger.

We identified the four following control weaknesses which resulted in the agreement of medium priority actions:



The MCA does not currently have a clear understanding of where and when services on the network are not eligible for concessions payments due to being on minimum cost contracts, and as such there is an increased risk of unnecessary expenditure on invalid concessions claims. **(Medium)**



The current process used by Tendered Services to evaluate whether minimum cost or minimum subsidy bids would be more cost effective does not consider concessions payments, and the methodology for calculating the revenue when assessing tenders could not be explained, creating risk that the process is not making effective use of available data to identify potential cost savings for the MCA. **(Medium)**



We were informed by the Bus Services Manager that the process for assessing whether a withdrawn route should be re-tendered had not been reviewed for an extended period of time. We were not provided with a copy of this documented process and as such were unable to confirm that the process was appropriately documented or that it utilised available data to effectively assess how essential the route is to the network, and if it should go to retender. **(Medium)**



There is currently no formal performance review process for operators who are awarded tendered services contracts, and as such the MCA is not able to assess how particular operators are performing on contracted routes or hold them accountable for underperformance, which may be damaging the effectiveness of the network as a whole. **(Medium)**

2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

| Risk: Bus Recovery Funding | | | |
|--------------------------------|---|--------------------|---|
| Control | Partially Missing Control – Data is collected from operators through various regular data returns, as well as concession claims and tender returns. Various teams are not able to verify data returns from operators due to resource shortages. | Assessment: | |
| | | Design | ✓ |
| | | Compliance | × |
| Findings / Implications | <p>Based on the data which we identified as being in use by the Tendered Services and Concessions Teams, as well as through the live dashboards, we queried how this data was validated and how data is analysed to provide insight.</p> <p>Tendered Services</p> <p>We were informed that there is no verification of the figures provided from tender returns. The data provided from an example tender return takes the form of costs of the contract only. There is therefore no associated data which can be sense checked, such as identifying where one operator may be quoting much higher route operation costs. The only position in which the MCA can perform a validation is by cross checking the tender responses, ensuring that operators are proposing consistent contract associated costs.</p> <p>The MCA may benefit from splitting out associated costs from tender returns to provide more insight into the costs that it is incurring from its tendered services.</p> <p>The operator is selected based on the lowest cost return to the invitation to tender, and there is no direct analysis on the quality offered by operators. We were informed by the Director of Public Transport Operations that there had been previous legal limitations on the ability of the MCA to assess the tender responses in terms of previous performance. This creates risk that the MCA awards contracts to operators who are performing at a poor level. The MCA should investigate whether it can alter its specifications within its tendering process, to request greater detail on operator performance whilst complying with legal restrictions. Greater understanding of operator costs and previous performance will also provide greater insight into the decision making process relating to the potential franchising of the bus network by the MCA.</p> <p>Concessions</p> <p>The main source of data for the Concessions Team are the OR1 and OR2 operator return documents. From the data provided, the Concessions Team create a Concessions by Operator table for each 4 week period as a simplified document to share with the Finance Team to begin the process of repaying concessions monies owed to operators. We confirmed that the raw operator data, from the OR1 returns is not validated due to resource shortage, however we also did not confirm what controls were in place to ensure that the manual transposition of data from the OR1s to the Concessions by Operator document as evidence was not provided, although we did walkthrough the process that used to be followed. In the absence of this validation, this creates a risk of a transposition errors being introduced into the data, with potential under or overpayments made to operators. It was noted that this risk is somewhat mitigated by the</p> | | |

Risk: Bus Recovery Funding

presence of formal reimbursement approval meetings between the Finance Team and the Concessions Team to check any discrepancies in the period data prior to payment approval. These checks had not been carried out since Period 13 of the last financial year due to staff resource limitations, however we were informed that new resource was due to start from August 2023. We were informed that the concessions data is not used to drive any significant decision making, as the Concessions Team's role is to respond to the concessions claims of each operator.

We were informed that, other than the lack of validation of claims data, the greatest risk faced by the Concessions Team is the lack of available data regarding the contracts under which the various routes are run, and how these contracts affect the concessions claims which operators can make. As noted previously, minimum cost contracts mean that operators will not claim concessions, as the contract agrees a guaranteed day rate. Currently, the Concessions Teams pay all concessions claims without validation, however there is additional risk associated with paying for claims on areas of the network which should not be receiving concession payments. The complexity of the network structure means that routes, timings, and days of the week all affect whether concessions may be claimed. The MCA would benefit from collating Tendered Services contractual information and creating a picture of the network and instances when concessionary claims should not be paid out. This would provide a reference for the Concessions Team to create a filter to remove any invalid claims, creating value and cost savings while continuing to support the operation of the network. The level of risk associated with the payment of invalid concession claims currently isn't quantified as the MCA does not have the data to understand where it may be falsely paying claims.

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| Management Action 1 | The MCA will recommence its validation checks which had been postponed as a result of resource shortfalls during Covid-19. | Responsible Owner: Head of Commercial Services | Date: 31 December 2023 | Priority: Low |
| Management Action 2 | The MCA will utilise its Tendered Services information to improve its understanding of when concessions claims are not to be paid, and will put this data into existing operational processes for periodic concessions approval to identify and remove any claims made on routes which are on minimum cost contracts. | Responsible Owner: Bus Services Manager, Head of Commercial Development, Head of Data and Intelligence | Date: 31 March 2024 | Priority: Medium |

Risk: Bus Recovery Funding

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| Management Action 3 | <p>The Tendered Services Team will consider splitting out cost elements within the tender invitations, to obtain more detailed information from operators and to allow for more analysis of what is driving operator route costs. The MCA will also investigate whether it can assess potential operators on quality and performance whilst complying with legal restrictions.</p> <p><i>Management Comment: I am confident that we will get the same answer from legal and procurement on this one so not sure there is value asking the same question again. I would personally be very happy if prior performance could be taken in to account.</i></p> | Responsible Owner: Bus Services Manager | Date: 31 January 2024 | Priority: Low |
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Risk: Bus Recovery Funding

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| Control | Partially Missing Control - There is formal monitoring of overarching commercial performance of operators, and as such this is not reported internally. Various standalone data points are collected but are not collated to create an overarching picture of commercial performance. | Assessment: Design ✓ Compliance × |
| Findings / Implications | <p>Commercial information is not readily available to the MCA, although large amounts of data is received by both the Concessions Team and the Data and Intelligence Team, which could provide insight into the performance of different operators.</p> <p>Through the OR1s and OR2s, the Concessions Team receives line by line data on passenger types, as well as overarching, operator level data on the popular product types in use, and the various fares in use. The OR1 data, i.e. which products are being purchased, provides insight at an operator level as to trends in product popularity and fare numbers, however the lack of line by line data means there is not sufficient information to review the commercial successes of particular routes, and to enable those at risk of being withdrawn to be identified. Data used to drive the various models operated by the authority, does not provide any data which the authority may be able to use to gain insight into commercial performance and relative profitability of individual routes, instead using data such as ticket costs and route length.</p> <p>The Tendered Services Team do not perform any monitoring of the commercial performance and sustainability of any contracted services. We have covered this element in greater detail within the Tendered Services Performance monitoring control below. The Enhanced Bus Partnership dashboard does however allow for monitoring of the performance of each line from a passenger perspective, providing data on timeliness and lost mileage, however this does not provide detail on the commercial performance of individual routes with regards to revenue.</p> <p>The majority of data used by all the various bus teams is managed in the first instance by the Data and Intelligence Team. As noted previously, the levels of data provided depends on the operator, with small scale operators providing OR1 and OR2 returns, whilst larger operators such as TM Travel, Stagecoach and First are able to provide live data from their ticketing systems. The ticket data allows for more insight into commercial performance of individual bus routes, however this is not currently being used by the MCA. With data available covering contract values for tendered services, concessions claims and, in some instances, ticket revenue data, the MCA could combine data to estimate revenue on a route by route basis, allowing for a risk based, proactive approach for routes which may fail and be withdrawn by operators due to drops in revenue.</p> <p>Currently the MCA relies on operators to reach out and escalate lines which are underperforming. It was noted that, similar to other verification controls discussed previously, the combining of data sources to estimate routes which may be at risk would require commitment of resource not currently available at the MCA.</p> <p>Further discussion with the Director of Public Transport Operations confirmed that an assessment of bus route commercial viability would also serve as a useful information source not only for potential decisions regarding franchising of the bus network, but would also allow for potential cost efficiencies, identifying routes which may have had significant revenue increases and may no longer require subsidy support in the form of a MCA contract.</p> | |

Risk: Bus Recovery Funding

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| Management Action 4 | The MCA will consider implementing combination of data sources to identify instances where routes have reduced concessions income, lowered passenger numbers or other indicators which may lead to increased risk of routes being withdrawn by operators. Such a data set may also be used to assess the commercial viability of existing contracted routes, to drive discussions as to when a minimum subsidy might no longer be necessary to maintain a particular route. | Responsible Owner: Head of Data and Intelligence | Date: 31 January 2024 | Priority: Low |
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Risk: Bus Recovery Funding

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| Control | Missing control - A formal gap analysis has been performed by the MCA to identify missing data which could be requested from operators. | Assessment: | | |
| | | Design | x | |
| | | Compliance | N/a | |
| Findings / Implications | Through discussion with the Head of Data and Intelligence, we were informed that the MCA does not conduct a formal data gap analysis. However, we noted that there is a document produced by the Head of Data and Intelligence, the Transport Data Sources document, which notes the various data sources received relating to bus data. These included: <ul style="list-style-type: none">• Bus Partnerships financial period data - provided by operators;• Public transport data - provided by government;• Bus data - daily data - provided by certain operators; and• Public transport and customer data - from smartcards and concession claims. While the document shows that the MCA is aware of the various sources from which data is available, it was not noted that there had not been any use of this document to either proactively drive decision making, by making various teams aware of additional sources of information they could utilise, or to identify potential gaps in data which the MCA might look to obtain from additional sources. However, further discussion with the Head of Data and Intelligence confirmed that various teams who required data would reach out with requests, or use readily available data present within dashboards. The Head of Data and Intelligence noted that whilst no formal exercise had taken place to agree data gaps, the most prevalent data gap, identified through discussions at the Tendered Services and Concessions Steering Group, was the customer identity. The MCA is currently investigating how to identify individual customers, as smart cards currently only cover concessions claiming passengers. By identifying the identity of fare paying customers, the MCA hopes to enhance its understanding of the bus passengers and their use of the network to grow understanding of customer behaviours. <i>Management Comment: Agree in principle but in practice there is no obligation for commercial operators to share passenger-level data with the MCA.</i> | | | |
| Management Action 5 | The MCA will perform a formal gap analysis on its current data available in relation to bus operation. Stakeholders such as the Tendered Services and Concessions Teams will feed in data they would benefit from, and the analysis will include what data can realistically be obtained. | Responsible Owner: Head of Data and Intelligence, Head of Commercial Services | Date: 31 January 2024 | Priority: Low |

Risk: Bus Recovery Funding

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| Control | Decisions are made at the team level, however the Concessions and Tendered Services Steering Group allows for consideration as to how interdependencies between the decisions being made in one team affect other decisions and budgets. | Assessment: Design ✓ Compliance × |
| Findings / Implications | <p>With regards to the bus services at the MCA, the two major sources of decisions and interdependencies are the Concessions and Tendered Services Teams. This interdependency has been identified by the MCA, through the presence of the Concessions and Tendered Services Steering Group.</p> <p>The Group does not have Terms of Reference, however review of the monthly meeting minutes from the group (dated January 2021 - January 2022), identified that meeting agendas included discussions and concerns raised from the SMT (Senior Management Team) and there are clear identifications of areas where the two teams responsibilities overlap. For example in November 2021, there was a discussion regarding returning to conventional reimbursement and how this will require updating concessions models to agree new reimbursement rates. This is discussed alongside the tender returns, clearly identifying that the authority is aware of the overlap between the two Teams.</p> <p>Minutes are not available from January 2022 due to lack of resource available to continue taking minutes. As such, we cannot confirm whether these discussions are continuing to take place. Some form of record keeping from the Group, whether it be an action log or more formal minutes, would provide accountability for the discussions taking place.</p> <p>From our discussions with the two teams, we identified the following key interdependencies, and decisions, which may benefit from having a coordinated approach to improve outcomes across bus services:</p> <ul style="list-style-type: none"> • Concessions rates - agreed via the models provided by the Department for Transport (DfT), the concession rates are driven by an agreed set of calculations which the MCA does not wholly control. Concessions rates have a direct affect on the viability of new lines. By collating data from other lines, potentially from tender returns, the MCA may be able to identify bus routes which may require more favourable concessions rates to reduce the likelihood that the lines are withdrawn and have to be retendered. However, upon further discussion with the Head of Commercial Development, we confirmed that the MCA could not negotiate favourable concession rates due to the model structure developed by the DfT. As such, this decision cannot be impacted by making decisions informed by data. • Tendered route type - tendered routes can be agreed as either minimum cost (where the MCA pay a set amount to cover the running costs of the route, the operator collects the revenue which is then paid to MCA) or minimum subsidy (where an agreed amount is paid to operators, and the operators collect all revenue and can claim concessions), however, it was confirmed that these are not then being communicated to the Concessions Team. This creates a risk that the Concessions Team are paying monies for passengers on Minimum Cost tendered routes, thus breaking the terms of the contract at the expense of the MCA. | |

Risk: Bus Recovery Funding

- Concessions payments - as covered in greater detail within the concessions payments control, the Concessions Team makes payments based on agreed rates from the various models in use.

Whilst the presence of the steering group confirms that the MCA has identified the close relationships between the Concessions and Tendered Services Teams, the gaps identified above present risk of financial inefficiencies which the MCA should investigate, to identify any potential savings that it can achieve through proactive use, and sharing, of data.

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| Management Action 6 | The MCA will consider whether it would benefit from recording the discussions being held at the Concessions and Tendered Services Steering Group, either through minuted meetings or through maintenance of an action tracker or similar document. | Responsible Owner: Head of Commercial Development, Bus Services Manager | Date: 31 December 2023 | Priority: Low |
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Risk: Bus Recovery Funding

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| Control | Tendered Specifications are set by the the Tendered Services Team and are not driven by discussions with the Concessions Team. | Assessment: Design × Compliance N/a |
| Findings / Implications | <p>Through reviewing the example tendered services specifications it was confirmed that specifications include</p> <ul style="list-style-type: none"> • Route mileage; • Total contract mileage; and • The current timetable run on that route. <p>Discussions with the Bus Services Manager confirmed that, when releasing a Tender, historic patronage data is provided to allow all operators to work from the same data in order to calculate the cost of their bid. Non-specific information is also provided, such as instructions on completing the tender bid and the supplier selection questionnaire. The ITT also includes an estimated contract value, which is based on estimated patronage numbers, multiplied out by various ticketing and concessionary prices and extrapolated over the contract duration. We confirmed through discussion with the Bus Services Manager that the Tendered Services followed a set process to weigh up various elements of a route, to decide whether it was a priority to be put out to tender to maintain access to the network. We were unable to obtain a copy of the process from the Bus Services Manager, and so could not confirm what data was used to make these decisions. However, the Bus Services Manager noted that the process had not been reviewed for an extended period of time and as such would benefit from a review to ensure that the decisions are based on the most applicable available data.</p> <p>The examples reviewed included contracts which were minimum cost only, and minimum cost or minimum subsidy. Whilst our discussion with the Bus Services Manager identified that minimum subsidy contracts for the general network were only being used in circumstances where the routes hold a higher patronage risk, the use of minimum subsidy versus minimum cost has a considerable affect on the budget of the Concessions Team. Review of the current tender assessment document identified that a calculation of estimated revenue, based on patronage numbers, was used to compare minimum cost against minimum subsidy. However, the full methodology of this assessment was not clear. For example, it was unclear why ENCTS passengers were not considered within the revenue calculation, or why fare paying passengers were multiplied by 0.5 and 16-18 passengers multiplied by 0.8. The assessment then considers the minimum cost contract value, minus the estimated revenue, to calculate whether minimum cost or minimum subsidy would be more efficient. It has not been confirmed why this methodology would be used as it considers Fare Payers despite them having no concessionary impact, and does not consider ENCTS passengers who have an agreed concessionary rate.</p> <p>As a result, the MCA should review its approach to consider the cost effectiveness of minimum cost versus minimum subsidy contracts, driven by available data and including representation from both the Tendered Services and the Concessions Team. This reduces the risk that savings from the tendered amount are lost due to excessive concessions expenditure.</p> | |

Risk: Bus Recovery Funding

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| Management Action 7 | The MCA will review the methodology used to identify whether a minimum cost or minimum subsidy contract is more cost effective. The MCA will ensure that both Tendered Services and the Concessions Teams are involved in the decision making process and that the decision will be formally agreed and will utilise available data to evaluate the effects of expected concessions expenditure on the overall cost of the contract. | Responsible Owner: Bus Services Manager, Head of Commercial Development | Date: 31 January 2024 | Priority: Medium |
| Management Action 8 | The MCA will review and update the methodology for deciding whether to take routes out to tender, to ensure that it is utilising the most relevant available data. The methodology will be documented and regularly reviewed in the future in line with an agreed frequency (i.e. minimum annually) to ensure that it remains up to date and reflective of the data available to the MCA. | Responsible Owner: Bus Services Manager | Date: 31 January 2024 | Priority: Medium |

Risk: Bus Recovery Funding

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|-------------------------|---|--|---------------------------|---------------------|
| Control | Missing Control - The Tendered Services Team review performance of its contracted routes after a set period of time to identify lessons learned in the tendering of routes. | Assessment: | | |
| | | Design | x | |
| | | Compliance | N/a | |
| Findings / Implications | Through discussion with the Bus Services Manager, we were informed that the MCA does not perform formal reviews of the performance of its Tendered Services lines. A lack of formal contract monitoring for services creates multiple risks, including poor operator performance not being identified and addressed, as well as risk that the MCA does not identify the root cause of performance issues and address these for future tenders. The MCA may wish to identify regular performance reviews for tendered services, or using available data, agree performance indicators which can be used to identify at a glance any underperforming routes or operators, for example using the amount of mileage lost or timeliness data. This would not only allow for identification of underperformance, but provides a platform for the MCA to work with the operators to address underperformance (for example through the Project Delivery Team) to improve the quality of the bus network. There is also a risk that cost inefficiencies are not identified, for example, income reported from minimum cost contracts could be used to identify whether a minimum subsidy contract would save more money on similar routes. This information could then be used to inform the decision making process as recommended within management action seven, where the Concessions and Tendered Services Teams take a data driven approach to assessing the cost effectiveness of minimum cost versus minimum subsidy contracts. <i>Management Comment: There is informal performance management, i.e. we do know when services are under-performing due to lost mileage, but this isn't a routine process and is often initiated only as a result of the service raising concerns from passengers and/or elected members.</i> | | | |
| Management Action 9 | The MCA will implement improved performance monitoring for tendered services contracts to identify underperformance. Actions will be agreed to address underperformance, recover costs and apply appropriate financial penalties and to improve the quality of the service offered by the network. <i>Management Comment: As of 12 December 2023 we have started to apply financial penalties in line with contract obligations</i> | Responsible Owner: Bus Services Manager | Date: 31 December 2023 | Priority: Medium |

Risk: Bus Recovery Funding

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|-------------------------|--|---|------------------------|------------------|
| Control | The MCA works closely with all operators to ensure that adequate data is provided to be able to make decisions. Additional data can be requested where required. | | Assessment: | |
| | | | Design | ✓ |
| | | | Compliance | × |
| Findings / Implications | As we undertook our testing of the various data sources in use regarding bus transport, and the decisions which are driven by available data, we discussed whether there were any instances where key data was not being made available due to commercial confidentiality. We noted that the various operators would provide different levels of data based on the ticketing systems in use, as smaller operators would be more frequently limited by less modern ticketing software. It was identified that inconsistency in ticket data meant that not all tickets could be attributed to particular bus stops. As a result, the MCA does not have sufficient data to be able to identify and remove concessions being claimed for routes which are on minimum cost contracts. The MCA should continue to work with operators to attempt to improve the quality of data in relation to where concessionary claimants are using the network. The more frequently recurring theme identified within our discussions regarding commercial availability was not necessarily that the MCA was not receiving sufficient or timely data, but that there was not sufficient resource to be able to effectively validate this data to drive data led decision making. This was clear throughout our discussions with both the Tendered Services and Concessions Teams, and we have raised actions alongside the relevant controls where control effectiveness is being reduced by the MCA’s inability to verify commercial information from Operators. | | | |
| Management Action 10 | The MCA will work with operators through the Enhanced Partnership to continue to improve the quality of data where possible, such as supporting operators to move towards bus stop level data, allowing for insight into when concessions claims are made on the network. | Responsible Owner: Director of Public Transport Operations | Date: 31 March 2024 | Priority: Low |

APPENDIX A: CATEGORISATION OF FINDINGS

| Categorisation of internal audit findings | |
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| Priority | Definition |
| Low | There is scope for enhancing control or improving efficiency and quality. |
| Medium | Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media. |
| High | Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines. |

The following table highlights the number and categories of management actions made as a result of this audit.

| Risk | Control design not effective* | Non Compliance with controls* | Agreed actions | | |
|----------------------|-------------------------------|-------------------------------|----------------|----------|----------|
| | | | Low** | Medium** | High |
| Bus Recovery Funding | 2 (9) | 5 (9) | 6 | 4 | 0 |
| Total | | | 6 | 4 | 0 |

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

** Please note that multiple actions have been raised against one control.

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risk:

| Objective of the risk under review | Risk relevant to the scope of the review | Risk source |
|--|--|-------------------------|
| To confirm that there is a data framework in place for bus operations, to ensure that data collected is reviewed and analysed to inform decision making. | Bus Recovery Funding | Corporate risk register |

When planning the audit, the following areas for consideration and limitations were agreed:

The audit will consider the following;

- Consider what data is collected by and provided to (e.g. from the data and intelligence team) the concessions team bus services team which includes tendered services and project development teams.
- Review what checks and analysis is undertaken on the data collected by each team.
- Review how the commercial performance of bus operators is monitored and reported within the internal governance structure.
- Consider whether any gaps in data requirements have been identified and if so, what actions are being taken to address the gaps.
- Review how each team utilises the data they have available to inform future decision making, including whether interdependencies between teams are considered when changes / decisions are proposed.
- For tendered services, we will review what data has been assessed in order to identify the criteria of the tendered services.
- For tendered services we will also review what lessons learnt exercises have been undertaken on the performance and impact of the tendered services.
- Review the information received from bus operators to ensure that payments made are in line with data received. We are also consider the ability of SYMCA to confirm the accuracy/ completeness of data received.

Limitations to the scope of the audit assignment:

- We will not confirm that data received from the bus operators is accurate.
- We will not provide an opinion on the performance of bus operators.
- We will not provide an opinion on the decisions made by the Authority.
- We will not confirm that all gaps in data have been identified.
- We will not comment on the suitability and/or viability of the tender services identified.
- We will not comment on the content or quality of individual bid/proposal submissions.
- Our work does not provide assurance that material error, loss or fraud do not exist.

Debrief held

9 August 2023

Draft report issued

22 August 2023

Responses received

1 December 2023

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Final report issued

1 December 2023

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We thank you again for working with us.

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