

Systems review of subsidised bus services

Committee Audit and Standards

Date of meeting 1 December 2017

Date of report 16 November 2017

Report by Assistant Chief Executive (Business Support)

1. Object of report

To advise the committee on the findings of a systems review of subsidised bus services. This engagement is included in the annual Internal Audit plan for 2017/18.

2. Background

In accordance with the Transport Act 1985, SPT has guideline criteria to provide subsidised bus services.

On 16 June 2006, the Partnership agreed the SPT guideline criteria subsidy limits for subsidised local bus services for travel to and from employment, shopping, further education or hospital(s). Subsidises for local bus services are calculated using a cost matrix.

Request(s) for new/additional subsidised bus service are initially assessed using the subsidy criteria and then presented to the Operations committee.

Subsidised bus services awarded by SPT can cross the Partnership area boundary into other local authority areas likewise services arranged by other authorities can cross into the Partnership area.

As at the date of the engagement there are 20 operators providing local/rural subsidised bus services through 140 contracts throughout the SPT area.

The objective of this engagement was to review the current internal control systems in place for local/rural subsidised bus services.

This engagement tested elements of the internal controls and mitigation against SPT 20: failure or disruption to bus market, as identified in the corporate risk register.

3. Outline of findings

Engagement testing found that current procedural guidance utilised by Bus services requires to be updated to include all aspects of the process for assessing, awarding, monitoring and payment of subsidised buses.

Engagement testing (June 2017) found a requirement to review the currency of the subsidy limit cost information contained within the guideline criteria.

Engagement testing also identified a requirement to review cross boundary arrangements.

There are areas for improvement, and these areas have been addressed by four audit recommendations. Bus services management have agreed to implement these recommendations, which are currently being actioned.

4. Conclusions

The Audit and Assurance team has completed a systems review of subsidised bus services. Areas for improvement have been identified and four recommendations have been agreed.

Key controls exist and are applied consistently and effectively in the majority of areas tested.

Reasonable assurance can be taken from the controls in place for the areas covered in this engagement.

5. Committee action

The committee is asked to note the contents of this report and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to a future meeting.

6. Consequences

Policy consequences	<i>None</i>
Legal consequences	<i>None</i>
Financial consequences	<i>None</i>
Personnel consequences	<i>None</i>
Social Inclusion consequences	<i>None</i>
Risk consequences	<i>As detailed in the report</i>

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