

Summary of the audit findings and recommendations

Annex A

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
<p>Bus Operating Contracts</p>	<p>SCC has >100 bus operating contracts in place providing bus services to Surrey residents in areas where commercial providers do not operate. The total contracted value is in the region of £11m per annum including £1m paid in a single instalment in October each year to Transport for London (TfL) in return for the London buses which operate services into Surrey. In addition, 3 other types of contracts, namely Minimum Subsidy (MS), De Minimis (DM) and Minimum Cost (MC) contracts are in operation. Bus operators on MS and MC contracts are paid a fuel subsidy by the DfT and from 1 Jan 2014, this is paid as a grant to SCC to administer.</p>	<ol style="list-style-type: none"> 1. The number of contracts in operation at any given time cannot be easily established due to the use of an obsolete access database by the team to hold the information. 2. The system does not hold audit trails and is not fit for purpose as it is not supported by IMT. 3. The referencing of contracts is not logical and since the operator is able to switch from one type of contract to another with the approval of the Bus Service Planning Team, it is not possible to trace the history of a given contract. 4. Some contracts with no end dates have been operating for a number of years with little or no review. 5. Numerous manual processes are used to complement the end to end processes that make the operations of the team both resource intensive and inefficient. However, the team has numerous experienced staff. 	<p>Some Improvement Needed</p>	<ol style="list-style-type: none"> 1. & 2. Priority should be given to the work that is already underway to implement a suitable alternative and a user friendly IT system which will enable transparency and audit trails of all operations that take place in the Bus Service Planning Team. (H) 3. Referencing of contracts should be reviewed and a logical sequence adopted clearly separating the routes and days of operation. (H) 4. Contracts with no end dates should be awarded as one year contracts and reviewed annually. (M) 5. The new system should be supported by IMT to reduce the manual processes and support the planning and delivering of the bus service required for the residents of Surrey. (M)

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Bus Operating Contracts - continued		6. Work is underway to move to framework contracts.	Some Improvement Needed	6. The proposed procurement arrangements of moving to Framework Contracts should be progressed as appropriate. (M)

¹ **Audit Opinions**

Effective	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Some Improvement Needed	A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Significant Improvement Needed	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

² **Audit Recommendations**

Priority High (H) - major control weakness requiring immediate implementation of recommendation

Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources

Priority Low (L) - recommendation represents good practice but its implementation is not fundamental to internal control