

Final Internal Audit Report

Freedom Passes (Travel Services)

April 2025

Distribution:

- Interim Chief Digital Officer
- Head of Resident Contact
- Concessionary Travel Services Manager
- Interim Assistant Chief Executive
- Head of Finance
- Director of Finance
- Corporate Director of Resources
- Executive Officer

Assurance Level	Issues Identified	
Substantial	Priority 1	0
	Priority 2	1
	Priority 3	1

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Forvis Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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1. Introduction

- 1.1. Residents of the London Borough of Croydon who are of state pension age, or suffer from certain qualifying disabilities, are eligible for a freedom pass, which enables them to use most public transport in Greater London free of charge. The Travel Services team at Croydon Council (Council) receives and assesses applications for disabled persons' freedom passes, but not for older persons' freedom passes, which are submitted directly to London Councils.
- 1.2. Prior to August 2024, applications for a disabled person's freedom pass were submitted either postally or by email. Since August 2024, the Council has accepted online applications via a webform on the Council's website, and since this time the majority of applications are now received online.
- 1.3. In order to qualify for a disabled person's freedom pass, a person must meet one of seven statutory disability criteria under the Transport Act 2000. In addition to this, the Council has added two discretionary criteria for those with severe mental health issues, and those who have a disability that does not meet one of the seven statutory criteria, but for which they receive social care from the Council.
- 1.4. As part of an application for a disabled person's freedom pass, the individual must submit:
 - Proof of identity – a photocopy, rather than an original
 - Proof of address – although the Council can verify this through the council tax register or electoral register if no such proof is available
 - A photograph
 - Evidence of eligibility

The evidence required to demonstrate eligibility depends on the criterion being applied under. This may include a medical letter or certificate. In some cases, receipt of certain state disability benefits automatically entails eligibility for a disabled person's freedom pass, and no further checks are required.

- 1.5. Applications were previously by paper or email, but in August 2024, the Council launched online applications via a webform on the Council's website. A majority of applications since August 2024 have been received online. When applications are received, these are logged in a spreadsheet and then processed by a Travel Services Officer on a first-come-first-served basis. As of 31 October 2024, there was approximately a 12 week wait for an application to be processed, with the oldest unprocessed application being from 5 August 2024 and 463 applications yet-to-be-processed in total. If an applicant has indicated in their application form that they have a terminal illness, then the officer inputting the application into the spreadsheet will flag that it should be prioritised.

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- 1.6. Once a case is assessed by an officer, it is entered into LiquidLogic (the case management system used), along with any supporting documentation. Liquid Logic will record the status of an application still under consideration. In some cases, further documentation is required from the applicant, and so the team will send an email or letter asking for further evidence. If a decision to approve the application is made by the assessing officer, then the application will be entered onto the Freedom Pass Case Management System. This is a system that is used to communicate between the Council, who assess the application, and London Councils, who are responsible for issuing the physical pass. Where an application is rejected, a decision letter is sent to the applicant informing them of the outcome and reason for rejection, and that they have the right to request a review within 28 days. Decision letters are stored in LiquidLogic.
- 1.7. The application process for an older person's freedom pass is handled entirely by London Councils. However, in the event that a freedom pass (either older person's or disabled) is lost or confiscated (because it is being used by a different person to that named on the card), London Councils will ask the Council whether a new pass should be issued or not. The Council will carry out an investigation and may decide to refuse a re-issue if the pass holder appears to have allowed someone else to fraudulently make use of their pass. The details of any investigations will be detailed in LiquidLogic.
- 1.8. The audit was undertaken as part of the agreed Internal Audit Plan for 2024/25. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues**Priority 2 Issues**

Review of the Council's Concessionary Travel Services Assessment Policy (2024) and Concessionary Travel Service Appeals Policy (not dated) identified that there was no guidance on conducting investigations for cases where passes have been confiscated. **(Issue 1)**

The Priority 3 findings are included under item 4 below.

3. Actions and Key Findings/Rationale

Control Area 6: Lost or Confiscated Freedom Passes – Review and Decision to Re-Issue

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1
2	Risk is minimal as the manager oversees the whole process before the panel decision. However, there is now a full written process in place.	<p>Expected Control</p> <p>There is a documented review process for confiscated freedom passes that outlines the steps Council staff should take to establish if a pass should be re-issued. This process includes defined criteria for Council officers to enable them to refuse reissuing of a lost or confiscated pass.</p> <p>Finding/Issue</p> <p>Review of the Council's Concessionary Travel Services Assessment Policy (2024) and Concessionary Travel Service Appeals Policy identified that there was no guidance on conducting investigations for cases where passes had been confiscated. The Travel Services Manager further advised that, while there was no stand-alone documented guidance for reviewing and reissuing confiscated passes, a panel review would be held to establish if the pass should be reissued. Testing of a sample of five confiscations did find that in all cases, either a panel review had been held, or it was determined on review that a panel was not needed. The Travel Services Manager explained that this might happen in cases where a person has a medical or psychological condition that makes them likely to lose their pass often.</p> <p>Risk</p> <p>Where the process for reviewing confiscated passes is not defined, there is a risk that the Appeals Panel will decide to permit the reissue of passes which have been used</p>

Responsible Officer	Deadline	
Concessionary Travel Services Manager	February 2025	inappropriately. This in turn could lead continued instances of misuse of the passes resulting in lost income and increased administrative costs. Additionally, there is a risk that inconsistent treatment of cases might lead to accusations of bias or unfairness.

4. Priority 3 Issues

Agreed action	Findings
<p><u>Control Area 1: Legislative, Organisational and Management Requirements</u></p> <p><u>Action proposed by management:</u></p> <p>Date of issue and version control added to document.</p> <p><u>Responsible Officer:</u> Concessionary Travel Services Manager</p> <p><u>Deadline:</u> January 2025</p>	<p>Expected Control</p> <p>There is an up-to-date appeals policy that provides a way to formally document and apply consistent standards and practices within the Council's operations. This policy is reviewed regularly and made available to staff and service users.</p> <p>Issue/Finding</p> <p>Through a review of the Council's Travel Service Appeals Policy, it was identified that the document did not contain a date of issue, or a version control table stating the name of the most recent reviewer and review date, nor the date of next review.</p> <p>Risk</p> <p>Where key policies are not updated periodically or version controlled, there is a risk that staff and service users may follow outdated guidance or be unsure if the guidance is still relevant.</p>

AUDIT TERMS OF REFERENCE

Travel Services: Freedom Passes

1. INTRODUCTION

- 1.1 Residents of the London Borough of Croydon who are of state pension age, or suffer from certain qualifying disabilities, are eligible for a Freedom Pass, which enables them to use most public transport in Greater London free of charge. The Council receives and assesses applications for a Disabled Person's Freedom Pass, but not for Older Person's Freedom Passes, which are submitted directly to London Councils.
- 1.2 Prior to August 2024, applications for a Disabled Person's Freedom Pass were submitted either postally or by email. Since August 2024, the Council has accepted online applications via a webform on the Council's website, and a majority of applications are now received Online.
- 1.3 In order to qualify for a Disabled Person's Freedom Pass, a person must meet one of seven statutory disability criteria under the Transport Act 2000. In addition to this, the Council has added two discretionary criteria for those with severe mental health issues, and those who have a disability that does not meet one of the seven statutory criteria, but for which they receive social care from the Council. As part of an application for a Disabled Person's Freedom Pass, the individual must submit:
 - Proof of identity – a photocopy, rather than an original
 - Proof of address – although the Council can verify this through the Council Tax Register or Electoral Register if no such proof is available
 - A photograph
 - Evidence of eligibility

The evidence required to demonstrate eligibility depends on the criterion being applied under. This may include a medical letter or certificate. In some cases, receipt of certain state disability benefits automatically entails eligibility for a Disabled Person's Freedom Pass, and no further checks are required.

- 1.4 When applications are received, these are logged in spreadsheet and then processed on a first-come-first-served basis. As of October 2024, there is approximately a 12 week wait for an application to be processed. If an applicant has a terminal illness, then the team will prioritise the application.
- 1.5 Once a case is assessed, it is entered into Liquid Logic, along with any supporting documentation. Liquid Logic will record the status of an application still under consideration. In some cases, further documentation is required from the applicant, and so the team will send an email or letter asking for further evidence.

- 1.6 If a decision to approve the application is made, then the application will be entered onto the Freedom Pass Case Management System. This is a system that is used to communicate between Croydon Council, who assess the application, and London Councils, who are responsible for issuing the physical pass. Where an application is rejected, a decision letter is sent to the applicant informing them of the outcome, and that they have the right to request a review within 28 days.
- 1.7 The application process for an Older Person's Freedom Pass is handled entirely by London Councils. However, in the event that a Freedom Pass is lost or confiscated (because it is being used by a different person to that named on the card), London Councils will ask Croydon Council whether a new pass should be issued or not. The Council will carry out an investigation and may decide to refuse a re-issue if the pass holder appears to have allowed someone else to fraudulently make use of their pass.
- 1.8 This audit was part of the agreed Internal Audit Plan for 2024/25.

2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit for each control / process being considered:
- Walked-through the processes to consider the key controls;
 - Conducted sample testing of the identified key controls, and
 - Reported on these accordingly.

3. SCOPE

- 3.1 This audit, focused on appointeeships and deputyships, was undertaken as part of the 2024/25 Internal Audit Plan. The specific scope included the following areas and recommendations:





Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	0	0	1
Information for Residents	0	0	0
Application Process for Disabled Person's Freedom Pass	0	0	0
Data Processing and Information Management	0	0	0
Decision Making & Communication of Decisions (for Disabled Person's Freedom Passes only)	0	0	0
Lost or Confiscated Freedom Passes – Review	0	1	0

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
and Decision to Re-Issue			
Total	0	1	1

Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Statement of Responsibility

We take responsibility to London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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