Assurance framework update

Committee Audit and Standards

Date of meeting 17 March 2017 Date of report 6 March 2017

Report by Assistant Chief Executive (Business Support)

1. Object of report

To provide the committee with an update report on the assurance framework within SPT from internal and external sources.

2. Background

Assurance framework

The assurance framework was last presented to the Audit & Standards committee at its meeting of 18 March 2016.

Assurance requirements

SPT is subject to statute, standards, regulations, and governance codes, and must have effective arrangements in place for demonstrating adherence.

The provision of assurance is an essential element of SPT’s accountability.

The ‘three lines of defence’

Assurance is provided through the ‘three lines of defence’:

First line: assurances from management designed controls and that these controls are being implemented on a day-to-day basis, including the framework of policies, procedures, processes and controls in place (i.e. system of internal controls);

Second line: assurances from the risk management arrangements and compliance functions, including oversight functions (e.g. Health & Safety) within SPT that co-ordinate, facilitate and provide assurance over the risk and control environment;

Third line: assurance from Internal Audit, which provides independent assurance in respect of the effectiveness of governance, management controls and risk management arrangements, including activities carried out by the first and second lines.
SPT also receives assurance from external bodies, including the external auditors, and health and safety regulators. Internal assurance functions may draw on the work of external assurers in determining the level of assurance work that is required.

Conversely, external assurance providers are encouraged to place reliance on the work of SPT’s internal assurance providers, where appropriate, in order to ensure that assurance is provided efficiently.

Assurance mapping

Assurance mapping uses visual representation of assurance activities to demonstrate how they apply to a specific risk or set of compliance requirements.

The assurance map incorporates the following risk areas:

- the corporate/strategic risks of the organisation;
- sub-sets of these risks (e.g. health and safety risks);
- compliance requirements (with statute or regulations).

Assurance mapping takes the ‘risk-set’ or ‘compliance-set’ identified and details:

- the assurance for each of the risks or compliance requirements obtained;
- the last time an independent review on these assurances was carried out.

Assurance mapping identifies key areas of service delivery, assurance providers, and review dates.

3. Outline of proposals

Assurance framework map

The assurance framework map, as at March 2017, can be found at Appendix 1.

4. Conclusions

SPT seeks and receives assurance from internal and external sources. The assurance framework map outlines the key risk areas and mitigation, assurance provider(s) and the date of the last review.

5. Committee action

The committee is asked to note the contents of this report and the assurance framework map, as at March 2017.
6. Consequences

Policy consequences: None
Legal consequences: None
Financial consequences: None
Personnel consequences: None
Social Inclusion consequences: None
Risk consequences: The assurance framework mitigates risk by mapping the sources of assurance for each risk area and by focusing resource allocation.

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Name       Gordon Maclennan
Title       Chief Executive

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<table>
<thead>
<tr>
<th>Risk Area</th>
<th>Service Delivery Objective</th>
<th>Controls</th>
<th>Management (First line)</th>
<th>Oversight function (Second line)</th>
<th>Independent assurance (Third line)</th>
<th>External Sources</th>
<th>Date of Last review</th>
<th>Assurance sufficient (Yes/ requires review)</th>
<th>Assessment Actions</th>
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<tbody>
<tr>
<td>Budget</td>
<td>Deliver value for money services</td>
<td>Financial Regulations, Standing Orders Relating to Contracts, Budget Monitoring, Financial Statements, Treasury Management Strategy.</td>
<td>Systems of internal control (i.e. segregation of duties, authorisation levels, etc.)</td>
<td>Finance Management controls</td>
<td>Internal Audit plan</td>
<td>External Auditors</td>
<td>Mar-17</td>
<td>On-going</td>
<td>Internal Audit plan 2016/17</td>
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<tr>
<td>Fraud and Error</td>
<td>Deliver value for money services</td>
<td>Financial Regulations, Standing Orders Relating to Contracts, Operational Procedures, Training, Counter Fraud Strategy.</td>
<td>Systems of internal control (i.e. segregation of duties, authorisation levels, etc.)</td>
<td>Financial Management controls, Counter Fraud Strategy</td>
<td>Internal Audit plan</td>
<td>NFI</td>
<td>Jan-17</td>
<td>On-going</td>
<td>Internal Audit plan 2016/17</td>
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<tr>
<td>Governance</td>
<td>Principles of Good Governance</td>
<td>Governance manual, Service standards, Policy, Procedures, Training, Line Management.</td>
<td>Systems of internal control (i.e. segregation of duties, authorisation levels, etc.)</td>
<td>Local Code of Corporate Governance</td>
<td>Internal Audit plan</td>
<td>External Auditors</td>
<td>Mar-17</td>
<td>On-going</td>
<td>Internal Audit plan 2016/17</td>
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<tr>
<td>Information Security</td>
<td>Deliver high standards of data integrity and reliability</td>
<td>Policies and procedures, Training, incident reporting systems.</td>
<td>Systems of internal control (i.e. segregation of duties, authorisation levels, etc.)</td>
<td>IT management overview of applications, networks, processes and systems</td>
<td>Internal Audit plan</td>
<td>External IT service providers</td>
<td>Mar-17</td>
<td>On-going</td>
<td>Internal Audit plan 2016/17</td>
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<tr>
<td>Customer Service</td>
<td>Excellent level of service to our customers</td>
<td>Service standards, Procedures, Training, Line Management.</td>
<td>Processes and procedures</td>
<td>Surveys and Complaints Handling Procedure</td>
<td>Internal Audit plan</td>
<td>Scottish Public Services Ombusman (SPSO)</td>
<td>Mar-17</td>
<td>On-going</td>
<td>Internal Audit plan 2016/17</td>
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<tr>
<td>Strathclyde Concessionary Travel Scheme (SCTS)</td>
<td>Deliver value for money services</td>
<td>Notes and guidance to operators on the SCTS</td>
<td>Systems of internal control (i.e. segregation of duties, authorisation levels, etc.)</td>
<td>Surveys and Complaints Handling Procedure; Strathclyde Concessionary Travel Scheme Joint Committee (SCTSJC)</td>
<td>Internal Audit plan</td>
<td>Certificates of Assurance from operators</td>
<td>Feb-17</td>
<td>On-going</td>
<td>Internal Audit plan 2016/17</td>
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<tr>
<td>Bus Services</td>
<td>Provide accessible public transport to communities</td>
<td>Service standards, Policy, Procedures, Training, Line Management.</td>
<td>Systems of internal control (i.e. segregation of duties, authorisation levels, etc.)</td>
<td>Compliance inspectors; Health &amp; Safety; Vehicle Examiners</td>
<td>Internal Audit plan</td>
<td>DVLA, Traffic Commissioner</td>
<td>Mar-17</td>
<td>On-going</td>
<td>Internal Audit plan 2016/17</td>
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<td>Project delivery</td>
<td>Improve transport connections</td>
<td>Project management processes, Project board, Stakeholder reporting.</td>
<td>Project management reporting</td>
<td>Project board(s); Steering group(s); Annual report and Transport Outcome Reports</td>
<td>Internal Audit plan</td>
<td>Partner authorities</td>
<td>Mar-17</td>
<td>On-going</td>
<td>Internal Audit plan 2016/17</td>
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<td>Subway service</td>
<td>Provide Subway service to the public</td>
<td>Service standards, Policy, Procedures, Training, Line Management.</td>
<td>Systems of internal control (i.e. segregation of duties, authorisation levels, etc.)</td>
<td>Engineering Assurance, Health &amp; Safety, Independent Competent Person</td>
<td>Internal Audit plan</td>
<td>Office of Rail and Road (ORR)</td>
<td>Mar-17</td>
<td>On-going</td>
<td>Internal Audit plan 2016/17</td>
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Note: The risk areas are identified in Risk Registers

Appendix 1