

Regularity audit of investment property administration

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 regularity audit of investment property administration. This engagement is included in the annual Internal Audit plan for 2017/18.

2. Background

Where SPT property is released from operational use, or has been specifically designed as commercial retail units at Subway and bus station locations, the commercial rental potential may be realised through leases. These properties are categorised as investment properties.

Investment property administration is governed by the Scheme of Delegated Functions and Financial Regulations contained within the Governance manual.

The objective of this engagement was to undertake an end to end review of the administration of the investment property portfolio.

This engagement tested elements of the internal controls and mitigation against SPT 22: Governance arrangements, as identified in the corporate risk register.

3. Outline of findings

The SPT investment property portfolio has reduced in recent years due to Subway modernisation and office relocation initiatives.

Engagement testing (April 2017) found a requirement to review, update and enhance standing data.

Engagement testing also identified a requirement to review key performance indicator (KPI) provision.

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

4. Conclusions

The Audit and Assurance team has undertaken a regularity audit of investment property administration. Areas for improvement have been identified and eleven recommendations have been agreed.

Key controls exist but are not applied consistently and effectively in the areas tested from this engagement.

Reasonable assurance can be taken from the areas covered in this engagement with the exception of records management arrangements.

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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