

## Core financial system review of Scottish Government grants

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**Date of meeting** 28 November 2025

**Date of report** 10 November 2025

### Report by Chief Executive

#### 1. Object of report

To advise the committee on the findings of a core financial system review of Scottish Government grants. This engagement is included in the annual Internal Audit plan for 2025/2026.

#### 2. Background to report

SPT receives Capital and Revenue grant awards/settlements from the Scottish Government and its agencies to achieve the outcomes of the Regional Transport Strategy.

The Financial Regulations provide a control and compliance framework for grant administration. These regulations are supplemented by procedural guidance for staff.

The objective of this engagement was to assess and evaluate access, administration and use of Scottish Government grants by testing internal controls which were informed by data analytics.

This engagement tested elements of the internal controls and mitigation against SPT 11: Operational income, as identified in the corporate risk register.

#### 3. Outline of findings

In 2024/2025, Regional Transport Partnerships (RTPs) including SPT were requested by Transport Scotland (TS) to lead on the '*People and Place Programme*' (PPP) covering active travel and behaviour change initiatives, with capital and revenue funding from TS to be co-ordinated through RTPs to delivery partners. SPT continues to take the lead on this initiative in 2025/2026.

Engagement testing of the core financial system for access and use of Scottish Government grants found no errors and processes were in accordance with the Financial Regulations.

Engagement testing found that the current grant administration arrangements are satisfactory.

The auditor noted that SPT is required to make a grant claim(s) to the Scottish Government /Transport Scotland for most of the grant monies offered. This Scottish Government accounting policy has implications for SPT as income is received in arrears and can result in following

increase in risks to SPT, namely:

- reduction/impact on service delivery outcomes;
- significant spend/claims in final quarter of financial year;
- SPT accounts presenting a significant debtor at the financial year end;
- cashflow issues.

Key controls exist and are applied consistently and effectively in most areas tested.

Sound assurance in most areas can be taken from this engagement.

**4. Committee action**

The committee is asked to note the contents of this report.

**5. Consequences**

|                                                  |                                   |
|--------------------------------------------------|-----------------------------------|
| Policy consequences                              | <i>None.</i>                      |
| Legal consequences                               | <i>None.</i>                      |
| Financial consequences                           | <i>None.</i>                      |
| Personnel consequences                           | <i>None.</i>                      |
| Equalities consequences                          | <i>None.</i>                      |
| Risk consequences                                | <i>As detailed in the report.</i> |
| Climate Change, Adaptation & Carbon consequences | <i>None.</i>                      |

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