

SCTSJC Annual Audit Report 2024/2025

Committee Audit and Standards

Date of meeting 5 September 2025

Date of report 15 August 2025

Report by Director of Finance & Corporate Support

1. Object of report

To provide the Committee, as those charged with governance, with the final audit report from Audit Scotland, Strathclyde Concessionary Travel Scheme Joint Committee (SCTSJC's) external auditor following the final year audit of SCTSJC's accounts and financial arrangements for 2024/2025.

2. Background

The scope of the work to be undertaken by Audit Scotland was outlined in their Audit Plan, which was presented to the committee on 21 February 2025. The core elements of the audit work included:

- an audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement;
- an opinion on statutory other information published with the financial statements in the annual accounts, the Management Commentary, and the Annual Governance Statement, and an opinion on the audited part of the Remuneration Report;
- conclusions on SPT's arrangements in relation to the wider scope areas: Financial Management, Financial Sustainability, Vision, Leadership, and Governance, and Use of Resources to Improve Outcomes;
- reporting on SPT's arrangements for securing Best Value;
- providing assurance on the Whole of Government Accounts (WGA) return and Railway Safety Levy return; and
- provision of an Annual Audit Report setting out significant matters identified from the audit of the annual accounts and the wider scope areas specified in the Code of Audit Practice.

3. Outline of proposals

The covering letter and 2024/2025 Annual Audit Report to members of the Strathclyde Concessionary Travel Scheme Joint Committee and the Controller of Audit is attached for noting at Appendix 1 and Appendix 2 respectively.

There are no recommendations within the report for the current year. The prior year recommendation in relation to register of interests has been completed and therefore there are no outstanding recommendations.

4. Committee action

The committee is asked to note the details of the covering letter and the 2024/2025 Annual Audit Report for SCTSJC.

5. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>It is a legal requirement to have externally audited financial statements.</i>
Financial consequences	<i>As detailed in the report.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

Name Lesley Aird
Title **Director of Finance & Corporate Support**

Name Valerie Davidson
Title **Chief Executive**

For further information, please contact *Stuart Paul, Head of Finance*, on 0141 333 3382.

Audit & Standards Committee

5 September 2025

Strathclyde Concessionary Travel Scheme Joint Committee Audit of 2024/25 annual accounts

Independent Auditor's Report

1. My audit work on the 2024/25 annual accounts is now substantially complete. I anticipate being able to issue unmodified audit opinions in the Independent Auditor's Report on 19 September 2025. The proposed Independent Auditor's Report is attached at [Appendix A](#).

Annual Audit Report

2. Under International Standards on Auditing in the UK (ISA (UK)), I am required to report specific matters identified from the audit of the annual accounts to those charged with governance of Strathclyde Concessionary Travel Scheme Joint Committee in sufficient time to enable appropriate action. For Strathclyde Concessionary Travel Scheme Joint Committee, those charged with governance is the Audit & Standards Committee. I present for the committee's consideration my draft Annual Audit Report on the 2024/25 audit. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts, including those that I am required to report to you.

3. The Annual Audit Report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

4. The Annual Audit Report will be issued in final form after the audit of the annual accounts has been completed.

Uncorrected misstatements

5. I also report to those charged with governance all uncorrected misstatements in the annual accounts which I have identified during the course of my audit, other than those of a trivial nature, and request that these misstatements be corrected.

6. There are no uncorrected misstatements to report.

Other ISA (UK) matters

7. In presenting this letter and the Annual Audit Report to the Audit & Standards Committee, I seek confirmation from those charged with governance on the following matters:

- if they are aware of any instances of actual, suspected, or alleged fraud,
- if they are aware of any subsequent events that have occurred since the date of the financial statements,
- if they are content that the methods, assumptions, and data used in making accounting estimates in the annual accounts are appropriate,

- if all related party relationships and transactions they are aware of are reflected in the annual accounts, and
- if they are aware of any non-compliance with laws and regulations.

8. Any issues that I have identified from my audit in relation to other ISA (UK) matters that I am required to report to those charged with governance have been reported in the section headed “Other matters to report” in the Annual Audit Report.

Representations from the Section 95 Officer

9. As part of the completion of the audit, I am seeking written representations from the Treasurer, who is the Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.

10. A draft letter of representations is attached at [Appendix B](#). This should be signed and returned to me by the Section 95 Officer with the signed annual accounts prior to the Independent Auditor’s Report being signed.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Strathclyde Concessionary Travel Scheme and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Strathclyde Concessionary Travel Scheme Joint Committee for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and Movement in Reserves Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of Strathclyde Concessionary Travel Scheme Joint Committee as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of Strathclyde Concessionary Travel Scheme Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to Strathclyde Concessionary Travel Scheme Joint Committee. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Strathclyde

Concessionary Travel Scheme Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on Strathclyde Concessionary Travel Scheme Joint Committee's current or future financial sustainability. However, I report on Strathclyde Concessionary Travel Scheme Joint Committee's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Treasurer and the Audit and Standards Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing Strathclyde Concessionary Travel Scheme Joint Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue Strathclyde Concessionary Travel Scheme Joint Committee's operations.

The Audit and Standards Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of Strathclyde Concessionary Travel Scheme Joint Committee;
- inquiring of the Treasurer as to other laws or regulations that may be expected to have a fundamental effect on the operations of Strathclyde Concessionary Travel Scheme Joint Committee;

- inquiring of the Treasurer concerning Strathclyde Concessionary Travel Scheme Joint Committee's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Strathclyde Concessionary Travel Scheme Joint Committee's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement and the Statement of Responsibilities.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with

the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

Fiona Mitchell-Knight FCA
Audit Director
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

19 September 2025

Appendix B: Letter of Representations (ISA (UK) 580) [the Section 95 Officer should reproduce this on the audited body's letterhead]

Fiona Mitchell-Knight
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Fiona

**Strathclyde Concessionary Travel Scheme Joint Committee
Annual accounts 2024/25**

This representation letter is provided in connection with your audit of the annual report and accounts of Strathclyde Concessionary Travel Scheme Joint Committee, hereafter referred to as SCTS, for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view and have been properly prepared, and for expressing other opinions on the Management Commentary, and Annual Governance Statement.

I confirm to the best of my knowledge and belief, and having made such enquiries as I considered necessary, the following representations given to you in connection with your audit of SCTS's annual accounts for the year ended 31 March 2025.

General

I have fulfilled my responsibilities for the preparation of the 2024/25 annual accounts as set out in your 2024/25 Annual Audit Plan. All the accounting records, documentation, and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by SCTS have been recorded in the accounting records and are properly reflected in the financial statements.

I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (2024/25 Code), and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003, and the Local Authority Accounts (Scotland) Regulations 2014.

In accordance with the Local Authority Accounts (Scotland) Regulations 2014, I have ensured that the financial statements give a true and fair view of the financial position of SCTS at 31 March 2025 and the transactions for 2024/25.

Accounting Policies and Estimates

All material accounting policies applied are as shown in the note included in the financial statements. The accounting policies are determined by the 2024/25 Code, where applicable. Where the 2024/25 Code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to SCTS's circumstances and have been consistently applied.

The methodology, significant assumptions, and data used in making accounting estimates are reasonable, and have been properly reflected and disclosed in the financial statements in accordance with the 2024/25 Code. Judgements made in making estimates have been based on the latest available and reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

I have assessed SCTS's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on SCTS's ability to continue to adopt the going concern basis of accounting.

Liabilities

All liabilities at 31 March 2025 of which I am aware have been reported in the financial statements.

There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Litigation and Claims

All known actual or possible legal claims have been disclosed to you and have been accounted for and disclosed in the financial statements in accordance with the 2024/25 Code.

Contingent Liabilities

There are no significant contingent liabilities arising either under formal agreement or through formal undertakings requiring disclosure in the financial statements. All known contingent liabilities have been fully and properly disclosed in accordance with IAS 37, as adopted by the 2024/25 Code.

Fraud

I understand my responsibilities for the design, implementation, and maintenance of internal control to prevent fraud and I believe I have appropriately fulfilled those responsibilities.

I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud,
- any allegations of fraud or suspected fraud affecting the financial statements, and
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with IAS 24, as adopted by the 2024/25 Code. I have made available to you the identity of all of SCTS's related parties and all the related party transactions of which I am aware.

Management Commentary

I confirm that the Management Commentary has been prepared in accordance with statutory guidance, and the information is consistent with the financial statements.

Corporate Governance

I confirm SCTS has undertaken a review of the system of internal control during 2024/25 to establish the extent to which it complies with proper practices set out in *Delivering Good Governance in Local Government: Framework 2016*. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

I confirm that the Annual Governance Statement has been prepared in accordance with the *Delivering Good Governance in Local Government: Framework 2016* and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements, or issues identified, since 31 March 2025 which require to be reflected in the Annual Governance Statement or annual accounts.

Events Subsequent to the Date of the Balance Sheet

All events subsequent to 31 March 2025 for which IAS 10, as adopted by the 2024/25 Code, requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Treasurer

Strathclyde Concessionary Travel Scheme Joint Committee

2024/25 Annual Audit Report



Prepared for Strathclyde Concessionary Travel Joint Scheme and the Controller of Audit
September 2025

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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Key messages

Audit of the annual accounts

- 1 All audit opinions stated that the annual accounts were free from material misstatement.
- 2 There were no significant findings or key audit matters to report.

Financial Sustainability and Best Value audit

- 3 SCTS has effective and appropriate arrangements in place for securing financial sustainability.
 - 4 Expenditure exceeded income by £1.463 million in 2024/25 which has been funded from SCTS's reserves. Reserves of £3.736 million are held at 31 March 2025.
 - 5 A new concessionary fare structure was introduced in April 2025, which increases the majority of concessionary fares. SCTS has more financial sustainability as a result, with plans showing that reserves can now be sustained until the end of financial year 2032/33.
 - 6 The 2025/26 budget has been set at £3.752 million. This is to be funded by £4.178 million of local authority requisitions and will allow a transfer to reserves of £0.427 million.
 - 7 SCTS has effective and appropriate arrangements in place for securing Best Value.
-

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Strathclyde Concessionary Travel Scheme Joint Committee's annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to Strathclyde Concessionary Travel Scheme Joint Committee, hereafter referred to as 'SCTS' and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Fiona Mitchell-Knight (FCA), of Audit Scotland, has been appointed as external auditor of the body for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Fiona Mitchell-Knight (FCA) and the audit team are independent of the body in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the body, including no provision of non-audit services.

Acknowledgements

4. We would like to thank SCTS members, senior management and other staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- Concluding on the financial sustainability of SCTS and a review of the Annual Governance Statement.
- Reporting on the SCTS's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the body and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts and concluding on the SCTS's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the body from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

SCTS's responsibilities

10. SCTS has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements that give a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

National and performance audit reporting

11. The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to SCTS and the Audit and Standards Committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 3](#).

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts are free from material misstatement.

There were no significant findings or key audit matters to report.

Audit opinions on the annual accounts

12. SCTS's annual accounts were considered by the Audit and Standards Committee on 5 September 2025. The annual accounts were approved by the SCTS Joint Committee on 19 September 2025 and certified by the appointed auditor on the same date. The Independent Auditor's Report is included in the body's annual accounts and this reports that, in the appointed auditor's opinion, these are free from material misstatement.



Audit timetable

13. The unaudited annual accounts and all working papers were received on 16 June 2025 in accordance with the agreed audit timetable.

Audit Fee

14. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £6,710. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

15. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

16. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual report and accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

17. Materiality levels for the body were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. Materiality levels were updated and these can be seen in [Exhibit 1](#).

Exhibit 1
2024/25 Materiality levels for SCTS

Materiality	Amount
Materiality – set at 2% of gross expenditure	£117 thousand
Performance materiality – set at 70% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£82 thousand
Reporting threshold – set at 5% of materiality.	£6 thousand

Source: Audit Scotland

Significant findings and key audit matters

18. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the body is the Audit and Standards Committee.

19. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor’s professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

20. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

21. There are no significant findings or key audit matters to report.

Qualitative aspects of accounting practices

22. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

23. The appropriateness of accounting policies adopted by the body was assessed as part of the audit. These were considered to be appropriate to the circumstances of the body, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Other matters to report

24. Auditing standards require auditors to report a number of other matters if they are identified or encountered during an audit. There are no matters of this nature to report.

Significant matters discussed with management

25. All significant matters identified during the audit and discussed with the SCTS's management have been reported in the Annual Audit Report.

Audit adjustments

26. No audit adjustments were required to the financial statements greater than the reporting threshold of £6 thousand. There are no corrected misstatements to report.

Significant risks of material misstatement identified in the Annual Audit Plan

27. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 2](#).

Exhibit 2

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Audit response	Results and Conclusions
<p>Fraud caused by management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • We made inquiries of staff. • We undertook detailed substantive testing of journal entries, accruals and invoices. • We evaluated significant transactions outside the normal course of business. • We assessed any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. • We substantively testing income and expenditure transactions around the year-end. 	<p>Conclusion: no evidence of fraud caused by management override of controls.</p>

Source: Audit Scotland

Prior year recommendations

28. SCTS has progressed the agreed prior year audit recommendation. The response is outlined in [Appendix 1](#).

Financial Sustainability and Best Value audit

Conclusion

SCTS has effective and appropriate arrangements in place for securing future financial sustainability.

Expenditure exceeded income by £1.463 million in 2024/25 which has been funded from SCTS's reserves. Reserves of £3.736 million are held at 31 March 2025.

A new concessionary fare structure was introduced in April 2025, which increases the majority of concessionary fares. SCTS has more financial sustainability as a result, with plans showing that reserves can now be sustained until the end of financial year 2032/33.

The 2025/26 budget has been set at £3.752 million. This is to be funded by £4.178 million of local authority requisitions and will allow a transfer to reserves of £0.427 million.

SCTS has effective and appropriate arrangements in place for securing Best Value.

Audit approach to wider scope and Best Value

Wider scope

29. The Annual Audit Plan reported the body was considered to be a less complex body for the wider scope audit. Therefore, the wider scope audit does not cover all four wider scope areas and is instead limited to concluding on the financial sustainability of SCTS.

Best Value

30. Under the Code of Audit Practice, the duty on auditors to consider the arrangements an audited body has in place to secure Best Value applies to audited bodies that fall within section 106 of the Local Government (Scotland) Act 1973, which the body does.

31. Consideration of the arrangements the body has in place to secure Best Value have been carried out alongside the wider scope audit.

Conclusions on Financial Sustainability

32. The audit work performed on the arrangements SCTS has in place for securing financial sustainability found that these were effective and appropriate. This judgement is evidenced by SCTS:

- making appropriate arrangement to develop medium and longer-term financial plans.
- having effective arrangements in place for identifying risks to financial sustainability over the medium and longer-term, and understanding medium and longer-term demand pressures that could impact on available resources.

SCTS reported a deficit of £1.463 million in 2024/25

33. The actual outturn in 2024/25, as reported in the annual accounts, was total expenditure of £5.841 million and total income of £4.378 million, resulting in a deficit of £1.463 million (2023/24: deficit of £0.065 million) which has been funded from SCTS's reserves.

34. Local authority requisitions of £4.095 million were in line with budget. SCTS's reserves now stand at £3.736 million.

Concessionary travel patronage increased this year

35. Demand for concessionary travel which had dropped significantly during the pandemic, increased to almost pre-pandemic levels during 2023/24. During 2024/25, demand has continued to increase and was 20% higher than in 2023/24.

36. Concessionary travel increased across all modes of transport for the first three quarters of 2024/25 when compared with the same period in 2023/24. [Exhibit 3](#) details scheme patronage for the period and the reimbursements made.

Exhibit 3

Scheme patronage and reimbursement

Table 1: Concessionary Patronage for 2024/2025 Quarter 1 to Quarter 3

Patronage (millions)		
Mode	2024/2025 Q1-Q3	Change vs. 2023/2024 Q1-Q3
Rail	3.28	+26 %
Ferry	0.46	+10%
Subway	0.77	+6%
TOTAL	4.51	+20%

Table 2: Concessionary Reimbursement for 2024/2025 Quarter 1 to Quarter 3

Reimbursement (£millions)		
Mode	2024/2025 Q1-Q3	Change vs. 2023/2024 Q1-Q3
Rail	2.74	+30%
Ferry	0.88	+12%
Subway	0.31	+17%
TOTAL	3.93	+24%

Source: Strathclyde Concessionary Travel Scheme Joint Committee, 14 March 2025, Agenda Item 7

37. There was an overall increase of 20% for concessionary patronage when compared with the prior year. This can be attributed, in part, to ScotRail's removal of peak rail fares pilot which ran from October 2023 to September 2024.

38. Scheme reimbursement increased by 24% when compared with the prior year. This reflects the increased patronage levels.

New concessionary fare structure was introduced in April 2025

39. A new concessionary fare structure was introduced in April 2025, which increases the majority of concessionary fares. The increased fares were first considered by SCTS Joint Committee in 2021 due to ongoing financial pressures which are not sustainable with the previous structure.

40. The new structure moves from the previous basic concessionary fare, to a new 'half-fare with cap' structure. A fare cap applies to ferry and rural rail services to minimise the impact of increases on these 'rural lifeline' routes.

41. In the lead up to the fare increase, SCTS was in correspondence with participating transport operators, and updates were shared on Strathclyde Partnership for Transport's social media and other media channels to raise awareness of the change.

42. The impact of the fare increases on travel demand and operator reimbursement levels will be monitored by officers at SCTS. We will also review payments to operators as part of our standard annual audit reporting procedures.

The 2025/26 budget is currently £3.752 million

43. The 2025/26 budget was approved at the March 2025 meeting of the Joint Committee and was set at £3.752 million. This is to be funded by £4.178 million of local authority requisitions (2.04% increase on 2024/25) and will allow a transfer to reserves of £0.427 million.

44. The reserve balance is forecast to increase to £4.266 million at the end of financial year 2025/26.

45. A long-term financial forecast for the next ten years was prepared alongside the revenue budget in March 2024. Based on projections at that time, the scheme was forecast to use all of its remaining reserves before the end of 2027/28.

At the March 2025, an updated ten-year forecast was prepared. With the implementation of the new concessionary fare structure, SCTS has more financial sustainability with reserves being sustained until the end of financial year 2032/33.

Registers of Interests

46. Members of Joint Committees are required to record registers of interests, a public record of interests that might, by their nature, be likely to conflict with a members' role. Members of SCTS record any interests that could impact on their role, in the register of interests for the local authority which they represent rather than in a separate SCTS register.

47. In addition, a 'declaration of interests' is a standing item at meetings of the SCTS Joint Committee, whereby all members are requested to declare any interests that could impact on their ability to conduct their role on the SCTS Joint Committee. The impact on any Joint Committee discussions of any declarations made is then considered by the Chair.

Effective systems of internal control operated during 2024/25

48. As noted in the accounts, although SCTS Joint Committee is a separate legal entity, due to the administrative relationship between SCTS and Strathclyde Partnership for Transport (SPT), there are a number of shared systems between the two bodies. The corporate governance and

internal financial control arrangements that govern SCTS are also that of SPT.

49. The appointed external auditor of SPT considered whether the body's key accounting and internal financial controls were adequate to prevent material misstatements in the annual accounts. These are the same systems used to produce the Joint Committee's annual accounts.

50. We have reviewed SPT's external auditor's findings. They concluded that the key controls within its main financial systems were operating satisfactorily. As such, we are satisfied there is no significant risk to SCTS's annual accounts.

Conclusion on Best Value

51. The audit work performed on the arrangements the body has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- Detailed reviews of the scheme being consisted by the Joint Committee to identify how to best address SCTS's objectives and ensure its financial sustainability.
- The SCTS Joint Committee requires regular updates showing the latest performance and reimbursement costs of the scheme.
- the arrangements the body has in place to secure financial sustainability which help ensure the effective use of available resources.
- progress the body is making to embed sustainability into corporate and operational plans and enhance reporting arrangements around sustainability.

Appendix 1

Action plan 2024/25

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>1. Registers of Interests</p> <p>Register of interests for some members of the Joint Committee are not held. All other registers have not been updated since 2022 with no reminders issued.</p> <p>Risk: Members interests are not identified and the Joint Committee does not comply with the requirements of IAS 24 Related Party Disclosures.</p>	<p>Recommendation: Register of interests for all members should be complete. Management should issue an annual reminder at a minimum for members to review their individual registers.</p> <p>Agreed action: This was an oversight. Reminders have since been issued and will be issued annually going forward.</p> <p>Responsible officer: Senior Solicitor.</p> <p>Agreed date: Complete</p>	<p>Complete</p> <p>SCTS has reviewed the agreed action and confirmed that the process for recording register of interests is different than that in place for SPT due to the nature of the membership of SCTS Joint Committee being local authority members.</p> <p>Declaration of interests is a standing item at meetings of the SCTS Joint Committee.</p> <p>Members are required to complete registers of interests with the local authority that they represent rather than in a separate SCTS register.</p>

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

Strathclyde Concessionary Travel Scheme Joint Committee

2024/25 Annual Audit Report



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