Committee report	SPT

Assurance framework update

Committee   Audit and Standards

Date of meeting 19 February 2021   **Date of report** 27 January 2021

Report by Assistant Chief Executive

1. Object of report

To provide the committee with an update report on the assurance framework within SPT from internal and external sources, and recommend that the Committee notes the current position.

2. Background

The assurance framework is reviewed annually and was last presented to the Audit & Standards committee at its meeting of 14 February 2020.

SPT is subject to statute, standards, regulations, and governance codes, and must have effective arrangements in place for demonstrating adherence. An effective Audit & Standards Committee is a key element of SPTs sound governance arrangements, and the provision of assurance is an essential element of SPT's public accountability and transparency responsibilities.

Assurance is generally recognised to be 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 a number of third party stakeholders and external bodies, including Accounts Commission appointed external auditors, and health and

safety regulators as well as others. Internal assurance functions may also 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, is streamlined and co-ordinated where possible.

Assurance mapping is a technique which 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 provision for each of the risks or compliance requirements;

- the date of the most recent independent review on these assurances.

Assurance mapping identifies key areas of service delivery, assurance providers, and review dates. It is an effective tool to demonstrate assurance strengths but equally helps to focus where additional assurance may be required.

3. Outline of proposals

SPT reviews its assurance position and assurance map on an ongoing basis updating where additional assurance activities are introduced or reviewed. The assurance framework map, as at January 2021, can be found at Appendix 1 for members' consideration.

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 January 2021.

6. Consequences

Policy consequences	*None.*
Legal consequences	*None.*

Financial consequences	*None.*
Personnel consequences	*None.*
Equalities consequences	*None.*
Risk consequences	*The assurance framework mitigates risk by mapping the sources of assurance for each risk area and by focusing resource allocation.*

Name	Valerie Davidson	**Name**	Gordon Maclennan
Title	**Assistant Chief Executive**	**Title**	**Chief Executive**

For further information, please contact Iain McNicol, Audit and Assurance Manager.

Risk and mitigation			Assurance provider				External assessment (where applicable)		
Risk Area	Service Delivery Objective	Controls	Management (First line)	Oversight function (Second line)	Independent assurance (Third line)	External Sources	Date of last review	Assurance sufficient (Yes/No, review)	Source of Assessment
Budget	Deliver value for money services	Financial Regulations; Standing Orders Relating to Contracts; Budget Monitoring; Financial Statements; Treasury Management Strategy.	Systems of internal control (i.e. segration of duties, authorisation levels, etc.)	Finance Management controls	Internal Audit plan 2020/2021	External Auditors	Sep-20	Yes	Independent Auditors report
Fraud and Error	Deliver value for money services	Financial Regulations, Standing Orders Relating to Contracts, Operational Procedures, Training, Counter Fraud Strategy.	Systems of internal control (i.e. segration of duties, authorisation levels, etc.)	Financial Management controls, Counter Fraud Strategy	Internal Audit plan 2020/2021	External Auditors/ National Fraud Initiative (NFI)	Sep-20	Yes	Independent Auditors report
Governance	Principles of Good Governance	Governance manual, Service standards, Policy, Procedures, Training, Line Management.	Systems of internal control (i.e. segration of duties, authorisation levels, etc.)	Local Code of Corporate Governance	Internal Audit plan 2020/2021	External Auditors	Sep-20	Yes	Independent Auditors report
Information Security	Deliver high standards of data integrity and reliability	Policies and procedures; Information Governance; Incident reporting systems; Training.	Systems of internal control (i.e. segration of duties, authorisation levels, etc.)	Digital management overview of applications, networks, processes and systems; Cyber Resilience Framework	Internal Audit plan 2020/2021	External Digital service providers			
Customer Service	Excellent level of service to our customers	Service standards, Procedures, Training, Line Management.	Processes and procedures	Surveys and Complaints Handling Procedure	Internal Audit plan 2020/2021	Scottish Public Services Ombusman (SPSO)			
Strathclyde Concessionary Travel Scheme (SCTS)	Deliver value for money services	Notes and guidance to operators on the SCTS	Systems of internal control (i.e. segration of duties, authorisation levels, etc.)	Surveys and Complaints Handling Procedure; Strathclyde Concessionary Travel Scheme Joint Committee (SCTSJC)	Internal Audit plan 2020/2021	External Auditors/ Certificates of Assurance from operators	Sep-20	Yes	Independent Auditors report
Bus Services	Provide accessible public transport to communities	Service standards, Policy, Procedures, Training, Line Management.	Systems of internal control (i.e. segration of duties, authorisation levels, etc.)	Compliance inspectors; Health & Safety; Vehicle Examiners	Internal Audit plan 2020/2021	DVLA, Traffic Commissioner			
Project delivery	Improve transport connections	Project management processes, Project board, Stakeholder reporting.	Project management reporting	Project board(s); Steering group(s); Annual report and Transport Outome Reports	Internal Audit plan 2020/2021	Partner authorities/ Transport Scotland			
Subway service	Provide Subway service to the public	Service standards, Policy, Procedures, Training, Line Management.	Systems of internal control (i.e. segration of duties, authorisation levels, etc.)	Engineering Assurance, Health & Safety, Independent Competent Person	Internal Audit plan 2020/2021	Office of Rail and Road (ORR)	Dec-20	Yes	Office of Rail and Road (ORR)

Note: the risk areas are identified in Risk Registers