



Regularity audit of Subway station office administration

Committee Audit and Standards

Date of meeting 7 June 2019

Date of report 26 March 2019

Report by Assistant Chief Executive

1. Object of report

To advise the committee on the findings of a regularity audit of Subway station office administration. This engagement is included in the annual Internal Audit plan for 2018/19.

2. Background

There are 15 stations within the Subway network. Three Subway stations offer Park & Ride services. The Subway operates Monday to Saturday from 06:30 to 23:40 hours, and on Sunday from 10:00 until 18:12 hours.

All Subway station offices are staffed by either one or two team members during opening hours. All station staff have customer interaction and are responsible for cash handling and reconciliation. All station office staff have received training and have access to the Subway ticketing manual and Subway staff training manual for guidance.

The objective of this engagement was to review internal controls and monitoring arrangements in operation at Subway station offices.

Data analytics for the 2018 calendar year were employed to inform this engagement and sample testing was undertaken at Subway station offices to assess application of internal controls.

This engagement tested elements of the internal controls and mitigation against SPT 6: Security, as identified in the corporate risk register.

3. Outline of findings

Data analytics found that during 2018 (calendar year), cash accounted for 50% of all ticket sales and patrons favoured making payment at Subway station offices.

Engagement sample testing (February 2019) on Subway station office reconciliation(s) arrangements was found to be satisfactory.

Engagement testing found that Subway Operations management have increased the volume of revenue protection checks on concourses and the number of random inspection checks in station offices throughout the year to enhance quality assurance measures.

Engagement testing identified a requirement to review and enhance the current suite of management information provision.

There is an area for improvement, and this area has been addressed by one recommendation. Subway Operations management has agreed to implement this recommendation, which is currently being actioned.

4. Conclusions

The Audit and Assurance team has undertaken a regularity audit of Subway station office administration. One recommendation has been agreed from this engagement.

Key controls exist and are applied consistently and effectively in the majority of areas tested in this engagement.

Reasonable assurance can be taken from the internal controls in place.

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 meeting in approximately six months.

6. 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>

Name Valerie Davidson

Name Gordon Maclennan

Title Assistant Chief Executive

Title Chief Executive

For further information, please contact Iain McNicol, Audit and Assurance Manager on 0141 333 3195.

Agreed action plan: Regularity audit of Subway station office administration

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
1	<u>Management information</u> Subway Operations management should review and enhance the current suite of performance information.	Medium	Subway Operations management will liaise with Digital to enhance management information provision.	Senior Operations officer	June 2019

High: A fundamental control that should be addressed as soon as possible;

Medium: An important control that should be addressed within three months;

Low: An issue which is not fundamental but should be addressed within six months to improve the overall control environment.