



Regularity audit of the administration of smartcards

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 the findings of a regularity audit of the administration of smartcards. This engagement is included in the annual Internal Audit plan for 2020/2021.

2. Background

The Subway smartcard ticketing system was introduced in November 2013 and operates reusable smartcards, in addition to smart paper (disposable) tickets. Smartcards permit the purchase of a range of products including Pay As You Go (PAYG) credit and season tickets ranging from 7 days to 12 months in duration. There are 3 different types of smartcard available to customers, namely:

- anonymous smartcards, whereby SPT does not collect the details of the customer
- personalised smartcards where the personal details are collected. These smartcards also allow refunds to be made in the event of a loss of card; and
- smartcards providing Subway travel for ZoneCard customers.

The objective of this engagement was to assess the internal system for the administration of smartcards including performance monitoring and management.

This engagement tested elements of the internal controls and mitigation against SPT19: Unplanned disruption of Subway and SPT22: Governance arrangements as identified in the Corporate Risk register.

3. Outline of findings

As reported to the Partnership, the ongoing pandemic has significantly impacted adversely on the number of Subway journeys/use of smartcards since the start of the lockdown in March 2020. The Scottish Government has encouraged working from home where possible, with public transport being used only for essential journeys. As at October 2020, patronage

was down 70% in comparison to the previous financial year, and this has further reduced in the current lockdown period since the end of December 2020.

While engagement testing (December 2020) identified internal controls in place for the administration, it also identified a requirement to review and enhance arrangements in relation to documented procedures, performance management and reporting arrangements.

There are areas for improvement, and have been addressed by three recommendations.

Ticketing 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 the administration of smartcards. Three recommendations have been agreed from this engagement. Members are advised that key controls exist and are applied consistently and effectively in the majority of areas tested, and thus reasonable assurance can be taken from this engagement.

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>
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.

**Reasonable
assurance**

Agreed action plan: regularity audit of the administration of smartcards

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
1	<p><u>Policy and procedures</u></p> <p>Documented policy and procedures for Smartcard administration should be holistically reviewed and updated to reflect current practice and processes.</p> <p>Systems administration arrangements should be separately documented including user role privilege information arrangements for any changes in user(s) and high-level data controls.</p>	Medium	<p>Agreed, policy and procedures will be reviewed and updated to incorporate smartcard processes.</p> <p>Systems administration arrangements will also be documented including user role privilege information arrangements for changes in users and high-level data controls.</p>	Ticketing Commercial Team Leader	March 2021
2	<p><u>Card Management System reporting</u></p> <p>Ticketing management should consider and risk assess the adequacy of performance reporting functionality, including:</p> <ul style="list-style-type: none"> • blocked cards; • lost and hot-listed cards; • card balance analysis; • card usage timeline analysis. 	Medium	<p>Agreed, performance reporting functionality will be considered and risk assessed for adequacy.</p>	Ticketing Commercial Team Leader	March 2021
3	<p><u>Actionlists administration</u></p> <p>Ticketing management should document the internal controls for Actionlists administration.</p> <p>Note: Actionlists is a digital tool that adds products to smartcards.</p>	Medium	<p>Agreed, internal controls for Actionlists administration will be documented, as per Recommendation 1.</p>	Ticketing Commercial Team Leader	March 2021