



Systems review of asset management arrangements

Committee Audit and Standards

Date of meeting 28 August 2020

Date of report 17 June 2020

Report by Assistant Chief Executive

1. Object of report

To advise the committee on the findings of a systems review of asset management arrangements. This engagement is included in the annual Internal Audit plan for 2020/2021.

2. Background

Assets are categorised as:

- land;
- buildings;
- investment properties;
- digital equipment/software;
- furniture and fittings and vehicles.

Note: the benefit of these assets is spread over several years. Capital assets include any item which has been acquired, constructed or developed with the intention of being used in the business and not intended to be sold.

Asset management is the proper safeguarding and recording of assets. The elements of a good asset management process are:

- the maintenance of accurate records i.e. an asset register or inventory;
- awareness of the physical location of assets;
- their custodian; and
- periodic physical verification of the existence and condition of assets to protect against theft and detect any unauthorised use.

The objective of this engagement was to undertake an end to end systems review of asset management arrangements.

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

Engagement testing found that asset records were in accordance with the Financial Regulations and good practice guidance, although records are managed disparately.

Engagement testing identified a requirement to compile an overarching asset management plan, develop a digital solution to consolidate record assets and re-catalogue heritage assets.

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

Customer Services and Subway management have agreed to implement these recommendations, which are currently being actioned.

4. Conclusions

The Audit and Assurance team has undertaken a systems review of asset management arrangements. Three recommendations have been agreed from this engagement.

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

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 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.

**Reasonable
assurance**

Agreed action plan: Systems review of asset management arrangements

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
1	<u>Heritage assets</u> Heritage assets (Art work) held by SPT should be regularly catalogued and re-valued to enhance currency of records.	Low	Arrangements will be made to re-value heritage assets held by SPT.	Head of Operations & Security (Bus stations)	December 2020*
2	<u>Digital records</u> Management should develop current digital software to provide a central asset recording system and report real-time information.	Medium	Short-life working group will be set up to action this recommendation.	Head of Transformation	October 2020*

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
3	<p><u>Overarching asset management plan</u></p> <p>An overarching corporate asset management plan should be compiled and held centrally. Senior management should identify a responsible officer for this purpose.</p> <p>The asset management plan should include the following:</p> <ul style="list-style-type: none"> • alignment with corporate objectives; • lifecycle of assets to assist in the development of future plans that are both sustainable and efficient and balance the risks and performance measures in the short and long term and allow maintenance to be optimised and costs rationalised; • management of assets at different locations in an accurate and effective manner; • provide performance reporting; • develop asset change management procedures and processes; and • develop BIM (Building Information Modelling) to provide a structured framework for the creation, collation and exchange of data on assets. 	Medium	Short-life working group will be set up to action this recommendation.	Head of Transformation	October 2020*

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.

***Note:** the due date(s) has been extended due to the impact of coronavirus arrangements.