



Core financial systems review of expenses

Committee Audit and Standards

Date of meeting 9 February 2018

Date of report 26 January 2018

Report by Assistant Chief Executive (Business Support)

1. Object of report

To advise the committee on the findings of a core financial systems review of expenses. This engagement is included in the annual Internal Audit plan for 2017/18.

2. Background

SPT policy provides procedural guidance for employees and members claiming expenses.

The Expenses policy for employees (July 2011) state:

‘Strathclyde Partnership for Transport will reimburse employees for all approved reasonable expenses actually and necessarily incurred whilst undertaking authorised duties as part of their employment with the Partnership.’

The Members’ allowance and expenses guide (May 2012) state:

‘Any member of the Partnership is entitled to receive payments from the Partnership in respect of reimbursement of travel, subsistence or other expenditure incurred by that member, but only where the following conditions are met: the expenditure on travel, subsistence or other expenditure is expenditure reasonably incurred by the member for the purpose of enabling them to perform an approved duty as a member of the Partnership.’

In addition to payroll expense, related expenditure processes and systems were also included in this engagement, including corporate credit cards and imprest/petty cash expenditure.

The objective of this engagement was to assess and evaluate the internal controls for paying expenses by undertaking an end to end review of the core financial system.

This engagement tested elements of the internal controls and mitigation against SPT 22: Governance arrangements, as identified in the corporate risk register.

3. Outline of findings

The engagement found that corporate credit card usage was in line with the Financial Regulations and all Members' expenses for 2016/17 were in accordance with the Members' allowance and expenses guide.

The engagement identified a requirement to provide additional clarification on the current guidance issued to staff for the operation of petty cash accounts.

There are areas for improvement, and these areas have been addressed by two audit recommendations. Finance management have agreed to implement these recommendations, which are currently being actioned.

4. Conclusions

The Audit and Assurance team has undertaken a core financial systems review of expenses. Two recommendations have 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 controls in place for the areas covered in 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>
Social Inclusion consequences	<i>None</i>
Risk consequences	<i>As detailed in the report</i>

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