



Regularity audit of Subway annual stock count

Committee Audit and Standards

Date of meeting 4 June 2021

Date of report 18 May 2021

Report by Assistant Chief Executive

1. Object of report

To advise the committee on the findings of a regularity audit of Subway annual stock count. This engagement was included in the annual Internal Audit plan for 2021/2022.

2. Background

The main Subway store is located in the Broomloan depot (Govan) and provides stock and equipment for the maintenance and upkeep of Subway trains and station infrastructure.

A bespoke digital system (Infor) is used for stock administration, management and reporting.

The Financial Regulations contained within the governance manual provide guidance on stockholding records.

The objective of this engagement was to review the Subway annual stock count 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

The Financial Regulations and financial year-end procedure 2020/2021 require Subway management to complete an annual stocktaking exercise. An annual stock count was completed for Subway stock in March 2021. This exercise was co-ordinated by the Subway stores supervisor.

Engagement testing (March 2021) of the annual stock count arrangements and stationery used was found to be in accordance with the financial year-end and Subway procedures.

The physical count of Subway stock from the annual stockcount found a net variance of <1% of the value of stock held as at the date of the stock count and records were adjusted accordingly.

Engagement testing of this approach was satisfactory. The auditor did not attend the physical stock count of Subway components due to Covid secure procedures in operation as at March 2021.

4. Conclusions

The Audit and Assurance team has undertaken a regularity audit of Subway annual stock count. Engagement testing of the approach taken by management to complete the Subway annual stock count was found to be satisfactory. The auditor did not attend the physical stock count of Subway components due to Covid secure procedures in operation as at March 2021.

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

Reasonable assurance can be taken from the Subway annual stock count arrangements.

5. Committee action

The committee is asked to note the contents of this report.

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>

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Title Assistant Chief Executive

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