



## Regularity audit of Subway station office administration

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**Date of meeting** 14 June 2024

**Date of report** 3 April 2024

### Report by Chief Executive

#### 1. Object of report

To advise the committee on the findings of a regularity audit of Subway station office administration. This engagement was included in the annual Internal Audit plan for 2023/2024.

#### 2. Background to report

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 for cash handling and reconciliation in operation at Subway station offices.

Data analytics for the 2023 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 highlighted that farebox income for Subway travel rights in 2023 steadily increased from the previous year.

Data analytics highlighted that during 2023 (calendar year), credit/debit card sales increased to 82% of all sales mostly from use of contactless payments at stations. Cash accounted for 15% of sales at stations with the remaining 3% attributable to web sales.

Data analytics also found that where passengers purchased travel rights at Subway stations, 47% of transactions occurred at ticket offices with 53% at ticket vending machines.

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

Analytical testing (January 2024) found that some minor discrepancies were recorded on electronic reconciliation returns during 2023 and further engagement testing found that these were reviewed by Subway Operations line control staff as at date of occurrence (or at earliest opportunity).

Engagement sample testing on Subway station office cash handling and reconciliation(s) arrangements was found to be satisfactory.

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.

#### 4. Committee action

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

#### 5. 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>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

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