



Regularity audit of Strathclyde Concessionary Travel Scheme (SCTS) operator payment administration

Date of meeting 24 November 2023

Date of report 1 November 2023

Report by Chief Executive

1. Object of report

To advise the committee on the findings of a regularity audit of SCTS operator payment administration. This engagement was included in the annual Internal Audit plan 2023/2024.

Note: the findings of this engagement were presented to the Strathclyde Concessionary Travel Scheme Joint Committee as its meeting on 29 September 2023.

2. Background to report

The Strathclyde Concessionary Travel Scheme offers reduced fares on ScotRail services, which start and finish within the scheme's boundaries, on Glasgow's Subway and on local ferries for anyone who lives on an island or peninsula and meets the qualifying criteria, including those who are permanent residents and those who pay council tax in respect of a second home on the island or peninsula. **Note:** The National Concessionary Travel Scheme for Bus services is the responsibility of Transport Scotland.

Strathclyde Concessionary Travel Scheme Guidance and Notes for Operators were approved by the Strathclyde Concessionary Travel Scheme Joint Committee on 7 November 2014 and were effective from 1 January 2015.

The SPT Financial Regulations provide policy and procedural guidance to staff involved in the processing of creditor payments.

The objective of this engagement was to review Strathclyde Concessionary Travel Scheme (SCTS) operator payment administration.

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

3. Outline of findings

Strathclyde Partnership for Transport systems and business processes are used to administer the Strathclyde Concessionary Travel Scheme (SCTS) including operator payment administration.

An operator will allow holders of valid National Entitlement Cards / Ferry Travel Cards, upon showing the card, to travel for the prescribed concession fare within the area of the Scheme. This is the basis of any reimbursement to an operator.

There are inherent risks in the system as reliance is placed on the scheme participants (operators) to check patron's eligibility to concessionary travel and reliance is also placed on their systems to capture the transactions completely and accurately. The Certificate(s) of Accuracy provide some assurance in this regard.

Engagement testing included examination of documentation provided by operators to support payment requests and observation at ticket offices and at ferry terminals.

Engagement testing identified a requirement to review, clarify and update the Strathclyde Concessionary Travel Scheme Guidance and Notes for Operators.

There is an area for improvement which is addressed by a recommendation which can be found at Appendix 1. The Treasurer to the SCTS has agreed to implement the recommendation, which is currently being actioned.

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 and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendation to a meeting in approximately six months.

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>

Name Neil Wylie
Title Director

Name Valerie Davidson
Title Chief Executive

For further information, please contact *Iain McNicol, Audit and Assurance manager* on 0141 333 3195.

**APPENDIX 1
Audit & Standards committee – 24 November 2023**

Regularity audit of SCTS operator payment administration

The recommendation from this engagement is listed in the following table. The priorities are defined as follows:

- 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.

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
1	<p><u>Guidance to operators</u></p> <p>The Treasurer to the Strathclyde Concessionary Travel Scheme (SCTS) should consider reviewing the application of the rules of the scheme guidance for operator(s) on the following matters:</p> <ul style="list-style-type: none"> • clarity on application and process for reimbursement of advance ticket book sales and ensure there is no double counting; • ensure timeous return of Certificates of Accuracy; and • to display prominently signage at all ports and boarding indicating that <i>'Concession card holders must have their cards ready for inspection when tickets are collected'</i>. 	Medium	The application of the rules will be considered with operator(s).	Treasurer to the SCTS	November 2023