

South East Scotland Transport Partnership

Statement on the system of internal financial control for the year ended 31st March 2018

1. This statement is given in respect of the statement of accounts for South East Scotland Transport Partnership (the Partnership). I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated.
2. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. The system is maintained and developed by the Partnership's management and includes:
 - comprehensive budgeting systems;
 - regular reviews of periodic reports that measure financial performance against forecasts;
 - targets against which financial and operational performance can be assessed;
 - preparation of regular financial reports that compare expenditure with plans and forecasts;
 - clearly defined capital expenditure guidelines; and
 - as appropriate, formal project management disciplines.
4. The Internal Audit function is provided by the City of Edinburgh Council's Internal Audit Section. The Section operates in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government and is required to comply with Public Sector Internal Audit Standards (PSIAS). During 2017/18, Internal Audit did not conform with PSIAS requirements in two instances, but the Chief Internal Auditor has noted that the specific instances of non-conformance had no direct impact on the quality of the internal audit reviews completed for SEStran. The Section's annual programme is based on formal assessments of risk and audit needs in line with the agreed audit strategy. Where necessary, the Chief Internal Auditor reports directly to the Treasurer, Members and employees of the Partnership. The Chief Internal Auditor has provided me with an Annual Opinion that contains her view on the adequacy and effectiveness of the control environment.
5. My review of the effectiveness of the system of internal financial control is informed by:
 - the Partnership Director's Assurance Certificate on internal controls;
 - the work of managers within the Partnership;
 - the work of the Internal Auditors, and
 - the External Auditors in their Annual Audit Letter and other reports.
6. Having reviewed the above, it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal control system.

Hugh Dunn CPFA
Treasurer