

*joining up  
journeys*



committee minute

## **Strathclyde Partnership for Transport**

### **Minute of Audit and Standards Committee meeting**

**10 June 2011**

held at Consort House, Glasgow

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## Minute of the meeting of the Strathclyde Partnership for Transport's Audit and Standards Committee held in Glasgow on 10 June 2011.

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**Present** Councillors Duncan MacIntyre (Chair), Bill Grant, William Hendrie, and Tommy Morrison and appointed member Tom Hart.

**Attending** Valerie Davidson, Assistant Chief Executive (Business Support), Neil Wylie, Director of Finance and Owen Hendry, Chief Internal Auditor.

**Also attending** John F Anderson, Consultant Advisor and Stephen Reid, KPMG.

### 1. Apologies

Apologies were submitted from Councillor Ian Gray and appointed member Bill Ure.

The Chair informed members that he had been advised that Councillor Ian Gray had taken ill. He advised members that he would pass on the committee's regards and warmest wishes to him for a speedy recovery.

### 2. Declaration of interest

The committee noted that there were no declarations of interest.

### 3. Minute of previous meeting

The minutes of the meeting of 27 March 2011 was submitted and approved as a correct record.

### 4. Compliance with the Code of Governance

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There was submitted and noted a report of 19 May 2011 by the Assistant Chief Executive (Business Support)

- (1) reminding members
  - (a) that SPT had adopted the Local Code of Governance framework published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives; and
  - (b) that the framework required regular self assessments of local governance arrangements and, where appropriate, the identification of remedial action to strengthen those arrangements;

10 June 2011

- (2) informing members
  - (a) that the first such assessment had now been completed; and
  - (b) that SPT's compliance had been scored on a range of 1 -5 (low- high);
- (3) appending
  - (a) the results of the self assessment under the revised code, which had shown that from 147 areas of recommended best practice SPT had achieved 35 (24%) at level 5, 87 (59%) at level 4 and 25 (17%) at level 3; and
  - (b) an action plan which outlined the remedial actions to address the level 3 results; and
- (4) explaining that the assessment had shown that SPT could demonstrate compliance with many areas of best practice; however there was still scope for further strengthening of these arrangements.

## 5. National Fraud Initiative

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With reference to the minute of 27 March 2011 (page 2, paragraph 6) when the committee had

- (1) noted
  - (a) that, as part of the fraud response plan, SPT had participated in the National Fraud Initiative (NFI), a UK wide data matching exercise of computerised payroll, pension and benefit data held by public and local authorities, for a third year, during 2010/2011;
  - (b) that a recent interim NFI report had highlighted matches for 7 employees and 270 creditors; and
  - (c) that the interim work carried out by Internal Audit had confirmed that there were legitimate reasons why cross matches existed and that examination of the lower risk creditor transactions was continuing; and
- (2) agreed that the full results of the investigations would be submitted to a future meeting of the committee,

there was submitted and noted a report (issued) of 19 May 2011 by the Assistant Chief Executive (Business Support)

- (i) advising members that the final NFI report provided to SPT had highlighted matches for 7 employees and approximately 300 creditors; and

10 June 2011

- (ii) informing members that following the examination of all payroll transactions, Internal Audit had now confirmed that there were legitimate reasons for all the potential irregularities reported by NFI to SPT for investigation.

## 6. Internal Audit reports

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There was submitted a report (issued) of 19 May 2011 by the Assistant Chief Executive (Business Support),

- (1) appending a summary report from recently completed internal audit reviews on the following systems;
  - Payroll;
  - Creditors; and
  - Croy Park and Ride contract;
- (2) explaining that the remedial actions recommended in the report, together with implementation dates, had been agreed with the relevant departmental managers; and
- (3) concluding that, although the results of the audit work had shown that there was continuing improvement in the control and value for money frameworks for these systems, there were some areas where scope for improvement existed and that these had been addressed by the audit recommendations.

After discussion and having heard Mr Hendry provide further detail on the individual recommendations contained within the review, the committee noted that Internal Audit would undertake a follow up report to confirm the implementation of the recommendations detailed in the report and report back to the committee within six months.

The committee agreed also to request that Internal Audit should present to the committee on an annual basis a detailed report on a specific major project audited by them.

## 7. Follow up of Internal Audit recommendations

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There was submitted and noted a report (issued) of 19 May 2011 by the Assistant Chief Executive (Business Support),

- (1) appending a report detailing
  - (a) the background to and current arrangements for the follow up of internal audit recommendations within the Partnership; and
  - (b) the progress in the implementation of the following internal audit recommendations reported to committee on 19 November 2010:-
    - Debtors system;

10 June 2011

- Information technology controls; and
  - Retention of documents;
- (2) explaining that at the request of the members, the progress in implementing the audit recommendations for the audit review on the retention of documents, which was submitted to committee on 25 March 2011 had also been included in the report; and
- (3) concluding that the progress in implementing the agreed internal audit recommendations reported to the committees was satisfactory.

## **8. Internal Audit Annual Report 2010/2011**

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With reference to the minute of 27 March 2009 (page 2, paragraph 4) when the committee had approved the Internal Audit Strategic Plan 2009/2012, there was submitted a report (issued) of 23 May 2011 by the Assistant Chief Executive (Business Support), on the second year of the Plan which

- (1) compared actual activity with planned activity, demonstrated the extent to which the audit needs had been met and highlighted the significant findings to date;
- (2) commented on the soundness of SPT's internal controls which had been examined to date in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice; and
- (3) concluded that reasonable assurance could be placed upon the adequacy and effectiveness of the Partnership's internal control systems in the year to 31 March 2011.

After discussion and having heard Mr Hendry in further explanation, the committee noted the Internal Audit Annual Report for 2010/2011.

## **9. Members' and Directors' expenses 2010/2011**

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With reference to the special meeting of the Audit and Standards Committee held on 2 June 2010 (page 1, paragraph 2) when the committee had

- (1) considered the findings of the KPMG audit investigation being carried out at SPT's request following adverse media reports; and
- (2) agreed, inter alia, that the Audit and Standards Committee review all senior officers' and members' expenses on an ongoing basis,

there was submitted a report (issued) of 1 June 2011 by the Assistant Chief Executive (Business Support) detailing members' and directors' expenses for the period from 1 April 2010 to 31 March 2011.

After discussion and having heard Mr Wylie advise members that, although there had been an omission of a figure of £597.46 for car mileage for E Stewart in the report, the

10 June 2011

totals in the report and the information contained in SPT's website were accurate, the committee noted the terms of the report.

**10. External Audit - Interim Management Report**

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There was submitted the Interim Management Report issued by the External Auditors, KPMG, for the year ended 31 March 2011 which summarised KPMG findings regarding the following:-

- audit methodology;
- key risk areas;
- organisational wide controls; and
- key financial controls.

After considerable discussion and having heard Mr Reid, in further amplification of the report and in answer to members' questions, the committee noted the External Auditor's Interim Management report.

**11. Provision of information via correspondence review**

Councillor Morrison requested that a review into the provision of information via correspondence be undertaken and reported back to a future meeting.